

## Market Commentary

**Recap:** Oil prices fell more than 3% on Monday as the market continued to be weighed down by both fundamental and technical factors. The bearish news of COVID cases continuing to surge across Europe and in the United States over the weekend and the lack of any agreement on a new stimulus package in the United States weighed on oil and equity markets. Oil prices also received an additional downward push on the news that Libya's National Oil Company on Monday was lifting its force majeure declarations on the remaining oil production facilities closed by an eight month long blockade of oil exports by eastern forces. These bearish fundamental factors helped crude oil prices to breach technical support at \$39.50 Sunday evening. This support level was a 50% retracement of the gains recorded during the first three weeks of this month.

**Technical Analysis:** While we expect the oil markets to remain on the defensive for the near term, we do not feel traders fully appreciated the news of the development of Hurricane Zeta in the western Caribbean Sea and its projected storm track toward the central Gulf of Mexico by mid-week. If the forecast Tuesday morning confirms the current storm forecast or shows further intensification, we would look for some bounce back in prices given that some 293,000 b/d of production has already been shut in and more shut ins should be reported over the next couple of days. We would look for resistance initially at \$38.83 followed by \$39.15 and \$39.42. Support we see at \$38.28 followed by \$38.00 and \$37.00-\$36.93.

**Fundamental News:** Oil producers on Monday were evacuating offshore production platforms in the U.S. Gulf of Mexico as Tropical Storm Zeta strengthened overnight and looked likely to threaten the U.S. as a hurricane. The U.S. Bureau of Safety and Environmental Enforcement said Tropical Storm Zeta has forced the closure of 16% or 293,656 bpd of crude oil production as of midday Monday. Energy companies also shut in 6% or 162.57 million cubic feet/day of natural gas output. BP on Sunday said it has begun to evacuate four offshore U.S. Gulf of Mexico oil platforms and secure facilities ahead of Tropical Storm Zeta. It shut in production at the platforms and assets. Chevron Corp said it was withdrawing non-essential staff from its U.S. Gulf of Mexico offshore facilities as Tropical Storm Zeta took aim at the Gulf. It said that Chevron's onshore oil and gas facilities were monitoring the storm's track and following preparation procedures. Equinor is shutting production on the Titan platform in the U.S.-regulated northern Gulf of Mexico ahead of Tropical Storm Zeta. BHP Group Ltd is evacuating non-essential workers from the Shenzi and Neptune offshore production platforms in the U.S.-regulated northern Gulf of Mexico ahead of Tropical Storm Zeta. Royal Dutch Shell Plc is preparing to begin evacuating non-essential workers from platforms in the U.S.-regulated northern Gulf of Mexico ahead of Tropical Storm Zeta.

The Louisiana Offshore Oil Port said it is closely monitoring Tropical Storm Zeta. It said Clovelly hub deliveries remain normal.

Libya's National Oil Corp said it lifted force majeure on the El-Feel oilfield and that by doing so it had ended all the closures of oilfields and ports that resulted from an eight-month blockade by eastern forces. NOC said on Friday it expected its total oil output to reach 800,000 bpd within two weeks and 1 million bpd within four weeks after lifting force majeure on the ports of Ras Lanuf and Es Sider.

OPEC's Secretary General, Mohammed Barkindo, said an oil market recovery may take longer than hoped as coronavirus infections increase around the world. He said OPEC and its allies will "stay on course" in balancing the market.

**Early Market Call - as of 8:50 AM EDT**

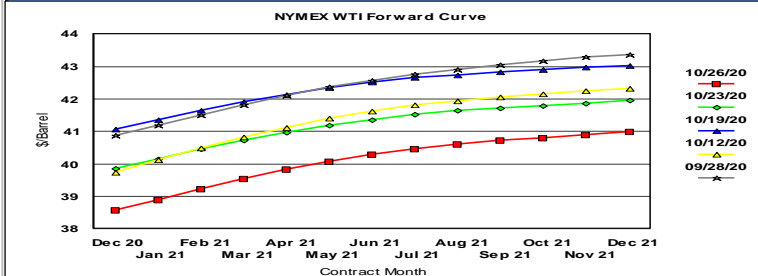
WTI - Dec \$38.69, up 13 cents  
 RBOB - Nov \$1.1176, up 60 points  
 HO - Nov \$1.1333, up 1.02 cents

## All NYMEX | Prior Settlements

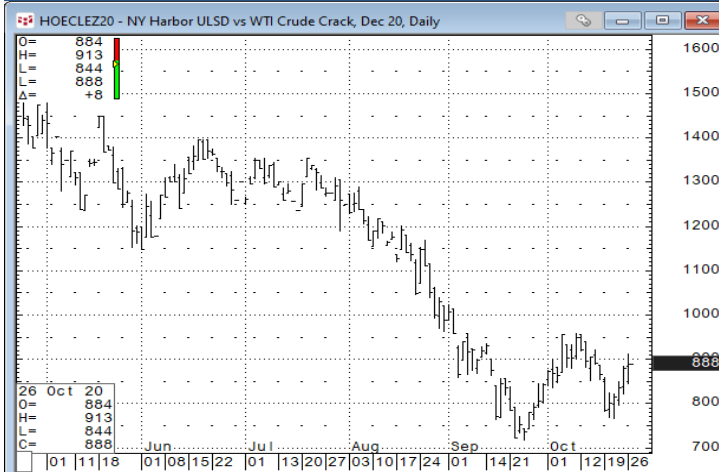
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-20	\$1.1218	-\$0.0295	\$0.0363
Dec-20	\$1.1279	-\$0.0305	\$0.0386
Jan-21	\$1.1405	-\$0.0314	\$0.0386
Feb-21	\$1.1535	-\$0.0316	\$0.0388
Mar-21	\$1.1653	-\$0.0313	\$0.0383
Apr-21	\$1.1738	-\$0.0312	\$0.0377
May-21	\$1.1854	-\$0.0310	\$0.0378
Jun-21	\$1.1968	-\$0.0307	\$0.0382
Jul-21	\$1.2100	-\$0.0301	\$0.0386
Aug-21	\$1.2221	-\$0.0297	\$0.0390
Sep-21	\$1.2345	-\$0.0293	\$0.0391
Oct-21	\$1.2468	-\$0.0286	\$0.0387
Nov-21	\$1.2584	-\$0.0279	\$0.0384
Dec-21	\$1.2678	-\$0.0274	\$0.0378
Jan-22	\$1.2790	-\$0.0270	\$0.0375
Feb-22	\$1.2868	-\$0.0264	\$0.0370
Mar-22	\$1.2898	-\$0.0262	\$0.0368

		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$1.90	\$38.5600	-\$1.2900
Crude - Brent		\$40.4600	-\$1.3100
Natural Gas		\$3.2040	\$0.0530
Gasoline		\$1.1116	-\$0.0273

### NYMEX WTI Forward Curve



## December Heating Oil Crack Spread



## December RBOB Crack Spread

