

Market Commentary

Recap: The oil market on Tuesday posted an outside trading day but continued to trade within Friday's trading range as it traded in and out of positive territory. The market was supported by increasing expectations of deeper output cuts from and OPEC and its allies. According to sources, OPEC and its allies are discussing a plan to increase their existing supply cut of 1.2 million bpd by a further 400,000 bpd and extend the agreement until June. However, the market gave up its gains and sold off to a low of \$55.35 following comments from President Donald Trump that a trade deal with China may be delayed until after next November's US presidential election. The crude market later bounced off its low, extending its gains to 84 cents as it posted a high of \$56.80, before it gave up some of those gains ahead of the close. The January WTI contract settled up 14 cents at \$56.10. The February Brent contract settled down 10 cents at \$60.82. Meanwhile, the product markets ended the session in negative territory, with the heating oil market settling down 61 points at \$1.8799 and the RBOB market settling down 1.04 cents at \$1.5629.

Technical Analysis: The crude market on Wednesday will likely continue to trade higher, amid the expectations that OPEC and non-OPEC producers will agree to extend their output cut agreement later this week. The market will also be driven by the weekly petroleum stock reports, which are expected to show draws in crude stocks of up to 1.7 million barrels in the week ending November 29th. The market is seen finding resistance at its high of \$56.80 followed by \$56.91 and \$57.10, its 10 and 50-day moving averages previously mentioned. More distant resistance is seen at \$57.26 and \$58.30. Support is seen at its low of \$55.35, \$55.02 and the \$54.00 level.

Fundamental News: US President, Donald Trump, stated that a trade agreement with China may have to wait until after the US presidential election in November 2020. US officials have previously stated that a deal could happen this year, depending on China. Separately, US Commerce Secretary, Wilbur Ross, said that President Donald Trump's objectives on a trade deal with China have not changed and that Trump is under no time pressure to complete a deal.

The head of the IEA's oil industry and market division, Neil Atkinson, said a senior official at the IEA said that OPEC was unlikely to make a change to its output pact until markets became clear. He said US oil output could also encourage a delay to OPEC policy commitment this week.

Russia's Energy Minister, Alexander Novak, said Russia had not decided on its position before the OPEC and non-OPEC meeting. However, he said he expected talks to be constructive. Russia agreed to reduce its output by 228,000 bpd to about 11.18 million bpd in 2019 under the existing OPEC+ deal, although it produced 11.244 million bpd in November. Russia's Energy Minister said the country's average cut was 195,000 bpd in November but he said Russia aimed to comply with its quota in December. OPEC and its allies have a current deal that runs to March to cut 1.2 million bpd or about 1.2% of global demand. Two sources stated that OPEC+, which will discuss policy beyond March at the Vienna meeting, was not considering deepening the cuts by at least 400,000 bpd more.

Goldman Sachs said OPEC and its allies were likely to extend output cuts through June, but said an extra three months of cuts would provide little support to prices, which it expected to continue trading around \$60/barrel in 2020.

JPMorgan said OPEC and other major oil producers are expected to agree to deeper output cuts of 1.5 million bpd to the end of 2020 compared with 1.2 million bpd currently to help reduce a global supply overhang.

Early Market Call - as of 8:35 AM EDT

WTI - Jan \$57.00, up 89 cents

RBOB - Jan \$1.5895, up 2.69 cents

HO - Jan \$1.9109, up 3.06 cents

All NYMEX | Prior Settlements

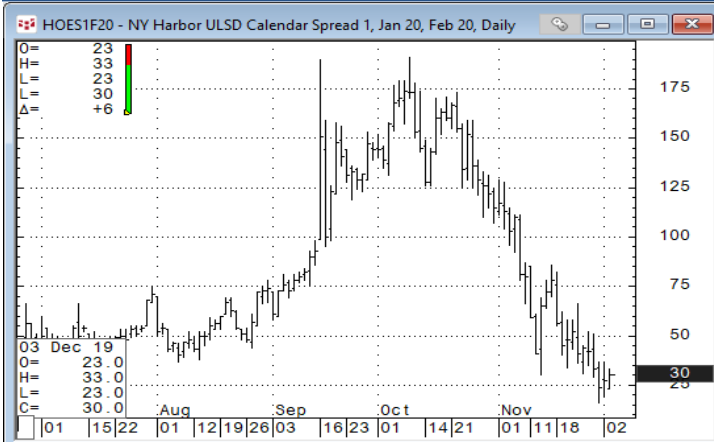
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-19	\$1.8799	-\$0.0061	\$0.0781
Jan-20	\$1.8770	-\$0.0066	\$0.0869
Feb-20	\$1.8668	-\$0.0074	\$0.0750
Mar-20	\$1.8513	-\$0.0076	\$0.0730
Apr-20	\$1.8399	-\$0.0075	\$0.0711
May-20	\$1.8323	-\$0.0077	\$0.0696
Jun-20	\$1.8305	-\$0.0074	\$0.0676
Jul-20	\$1.8300	-\$0.0071	\$0.0658
Aug-20	\$1.8308	-\$0.0069	\$0.0648
Sep-20	\$1.8318	-\$0.0069	\$0.0646
Oct-20	\$1.8331	-\$0.0070	\$0.0646
Nov-20	\$1.8335	-\$0.0072	\$0.0653
Dec-20	\$1.8351	-\$0.0070	\$0.0643
Jan-21	\$1.8306	-\$0.0063	\$0.0625
Feb-21	\$1.8209	-\$0.0055	\$0.0608
Mar-21	\$1.8044	-\$0.0054	\$0.0596
Apr-21	\$1.7932	-\$0.0054	\$0.0587

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$56.0300	\$0.1200
Crude - Brent	WTI Spread	\$60.8200	-\$0.1000
Natural Gas	\$4.79	\$2.4410	\$0.1120
Gasoline		\$1.5629	-\$0.0104

API Report for the Week Ending November 29, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 3.7 million barrels	Down 700,000-1.7 million
Cushing, OK Crude Stocks	Down 251,000 barrels	
Gasoline Stocks	Up 2.9 million barrels	Up 1.8-2.7 million barrels
Distillate Stocks	Up 794,000 barrels	Up 460,000-1.1 million
Refinery Runs	Up 376,000 b/d	Up 1% at 90.3%

NYMEX Heating Oil Jan-Feb Spread



NYMEX RBOB Jan-Feb Spread

