

Market Commentary

Recap: Oil futures bounced to their highest levels of the session on Thursday following a tweet from President Donald Trump that hinted the U.S. was close to a trade deal with China. Oil prices were already on the rise after the U.S. Federal Reserve left interest unchanged, boosting hopes for greater demand for crude oil. January WTI added 81 cents, or 1.3%, to \$59.57 a barrel, after trading as high as \$59.72. February Brent gained 79 cents, or 1.2%, to reach \$64.51 a barrel following a 1% slide a day earlier. Oil trading has been choppy following last week's meeting of OPEC and other major producers and as a result as remained range bound between \$60.00 and \$57.50. January WTI settled at \$59.18 a barrel, up 42 cents, or 0.71%, while Brent for February delivery added 48 cents, or 0.75%, to settle at \$64.20 a barrel. January RBOB adding 0.1% to \$1.6283 a gallon and January heating oil up 1.1% to \$1.9508 a gallon.

Technical Analysis: Trading in WTI appears to be lackluster, as this market has been unable to gather enough momentum to push to the downside or thrust to the upside. There is still strong resistance set at \$60.00. Successful breaks above this level open up the possibility for a push toward \$62.50. To the downside, support is set at the 10-day moving average, currently set at \$58.51 and below that at \$57.54, the 50-day moving average.

Fundamental News: Bloomberg News reported that the US reached a deal in principle with China on trade, stating that the "phase-one" agreement was awaiting a signoff from US President Donald Trump. Earlier on Thursday, US President, Donald Trump, said the US was "very close" to nailing down a trade deal with China, just days before new US tariffs on Chinese imports were due to be imposed. Meanwhile, the Wall Street Journal reported that US trade negotiators have offered to cancel a new round of tariffs on imported Chinese goods set to take effect on Sunday as part of an effort to cement a phase-one deal. It also reported that the Trump administration negotiators have offered to cut existing tariffs by as much as half on about \$360 billion of Chinese-made goods.

China's Commerce Ministry reported that China and the US are in close communication on trade, declining to comment on possible retaliatory steps if the US imposes more tariffs on Chinese goods on December 15th. The US is due to impose tariffs on almost \$160 billion of Chinese imports such as video game consoles, computer monitors and toys on Sunday.

The International Monetary Fund said it would welcome any deal to reduce US-China trade tensions and tariffs, but is urging the world's two largest economies to permanently resolve their 17-month trade war.

The IEA said global oil inventories could increase sharply despite an agreement by OPEC and its allies to deepen output cuts as well as lower expected production by the US and other non-OPEC countries. It said that despite the additional cuts and a reduction in its forecast of 2020 non-OPEC supply growth to 2.1 million bpd, global oil inventories could build by 700,000 bpd in the first quarter. The IEA kept its oil demand growth estimates for 2019 and 2020 at 1 million bpd and 1.2 million bpd, respectively. It said global oil demand increased by 900,000 bpd on the year in the third quarter. It said nearly three quarters of demand occurred in China while reduced economic momentum sapped OECD consumption. OECD oil demand is set to fall by 75,000 bpd in 2019, its first annual decline since 2014. The IEA said global oil supply in November fell by 1.2 million bpd on the year to 101 million bpd. It said OPEC is expected to pump about 29.3 million bpd in January based on full compliance to its new pact. It projected OPEC output would still be 700,000 bpd above the first quarter 2020 demand for its crude and 1 million bpd above its second quarter demand.

Early Market Call - as of 8:40 AM EDT

WTI - Jan \$59.81, up 63 cents

RBOB - Jan \$1.6550, up 2.62 cents

HO - Jan \$1.9778, up 2.68 cents

All NYMEX | Prior Settlements

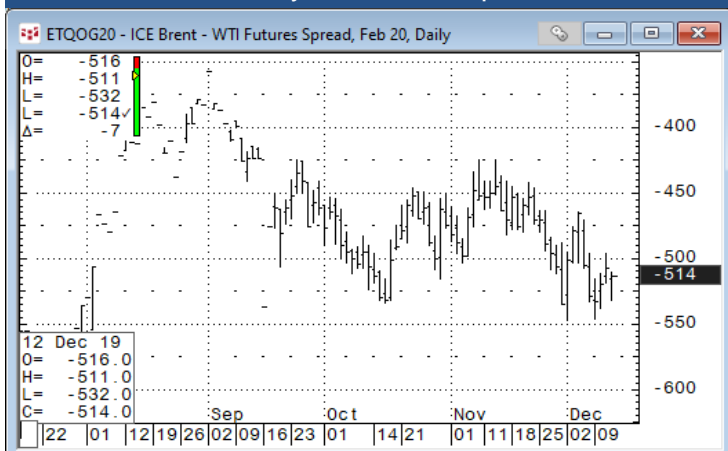
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-20	1.9508	0.0220	-0.0178
Feb-20	1.9500	0.0219	-0.0096
Mar-20	1.9427	0.0211	-0.0178
Apr-20	1.9267	0.0199	-0.0168
May-20	1.9153	0.0197	-0.0175
Jun-20	1.9061	0.0192	-0.0171
Jul-20	1.9030	0.0189	-0.0166
Aug-20	1.9011	0.0186	-0.0160
Sep-20	1.9007	0.0181	-0.0153
Oct-20	1.9005	0.0178	-0.0146
Nov-20	1.9005	0.0174	-0.0137
Dec-20	1.9000	0.0172	-0.0130
Jan-21	1.8997	0.0170	-0.0118
Feb-21	1.8931	0.0166	-0.0105
Mar-21	1.8815	0.0163	-0.0093
Apr-21	1.8633	0.0161	-0.0082
May-21	1.8506	0.0157	-0.0071

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$59.0600	\$0.4100
Crude - Brent	WTI Spread	\$64.2000	\$0.4800
Natural Gas	\$5.14	\$2.3280	\$0.0850
Gasoline		\$1.6283	\$0.0022

EIA Working Gas Storage Report

	06-Dec-19	29-Nov-19	Change	Year Ago
East	867	891	-24	735
Midwest	1,013	1,040	-27	889
Mountain	193	200	-7	161
Pacific	276	286	-10	240
South Central	1,168	1,174	-6	899
Salt	321	316	5	270
Nonsalt	847	858	-11	629
Total	3,518	3,591	-73	2,925

ICE February Brent-WTI Spread



WTI Continuation Chart

