

Market Commentary

Recap: After falling to levels not seen in months, oil prices recovered on Wednesday, after the EIA report reflected strong demand for gasoline and diesel. In its immediate reaction to the 4.9 million barrel build in U.S. crude oil inventories, January WTI briefly slipped below \$54.00 a barrel before turning to the upside. A gradual bounce to the upside ensued as traders absorbed the entire scope of the report. January WTI peaked at \$55.86, while Brent for January delivery topped the session at \$64.48. Adding to the up move was most likely short covering just before the U.S. Thanksgiving holiday. Gains were limited by rising global crude oil supplies. Gains were pared prior to the settlement period, with January WTI settling at \$54.63 a barrel, up \$1.20, or 2.25%, while January Brent tacked on 95 cents, or 1.52%, to settle at \$63.48 a barrel. December RBOB rose 1¢ to \$1.511 a gallon, while December heating oil fell 1¢ to \$1.97 a gallon—the lowest settlement for a front-month contract since April.

Technical Analysis: Wednesday's recovery pushed WTI back above \$54.48, invalidating Tuesday's break below it. With the major trend remaining to the downside, we would look for additional attempts to trade back below this level, with stretches toward \$50.00. There remains support set at \$52.77 and \$52.15, with resistance set at \$56.68 and \$57.16.

Fundamental News: Baker Hughes reported that US energy companies cut the number of rigs searching for oil by 3 in the week ending November 21st to 885.

The EIA reported that crude stocks increased more than expected in the week ending November 16th while gasoline and distillates stocks fell. Crude oil inventories increased by 4.9 million barrels last week, compared with expectations for a build of 2.9 million barrels. Gasoline stocks fell by 1.3 million barrels while distillate stocks fell by 77,000 barrels on the week.

Goldman Sachs said it expects oil markets to remain highly volatile in the coming weeks. It said the renewed price decline reflected "concerns over excess supply in 2019...(and) a broader cross-commodity and cross-asset sell-off as growth concerns continue to mount." Goldman Sachs said a sharp decline in demand or the absence of an OPEC production cut would be the two main risk to a recovery in prices from current levels.

Iraq's Deputy Oil Minister, Fayadh al-Nema, said that OPEC will work to stabilize oil markets, crude prices and supplies at its next meeting. He said OPEC and non-OPEC producers will work together to restore balance to oil prices and supplies to make sure prices remain stable.

Saudi Arabia oil production increased to a record near 11 million bpd this month after the country received stronger than usual demand from clients preparing for a disruption in Iranian supplies. Saudi Arabia has been pumping about 10.8 million bpd to 10.9 million bpd. On some days, more than 11 million bpd were supplied to the market by drawing down domestic and overseas stockpiles.

North Sea oil production in December is expected to fall by 0.15% on the month. Loadings of 12 North Sea crude grades will average 1.752 million bpd, down from 1.755 million bpd originally planned in November.

The North Sea Buzzard oilfield had a production issue earlier this week and should resume operations by the end of the week.

IIR Energy reported that US oil refiners expected to shut in 195,000 bpd of capacity in the week ending November 23rd, increasing available refining capacity by 484,000 bpd on the week. IIR expects offline capacity to fall to 91,000 bpd in the week ending November 30th.

Early Market Call - as of 8:47 AM EDT

WTI - Dec \$51.28, up 86 cents

RBOB - Dec \$1.4235, 3.19 cents

HO - Dec \$1.8952, up 1.91 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-18	\$1.9702	-\$0.0200	-\$0.1257
Jan-19	\$1.9641	-\$0.0177	-\$0.1231
Feb-19	\$1.9558	-\$0.0144	-\$0.1217
Mar-19	\$1.9475	-\$0.0119	-\$0.1209
Apr-19	\$1.9352	-\$0.0093	-\$0.1180
May-19	\$1.9324	-\$0.0065	-\$0.1145
Jun-19	\$1.9335	-\$0.0038	-\$0.1115
Jul-19	\$1.9410	-\$0.0015	-\$0.1096
Aug-19	\$1.9506	\$0.0005	-\$0.1074
Sep-19	\$1.9620	\$0.0020	-\$0.1053
Oct-19	\$1.9721	\$0.0022	-\$0.1041
Nov-19	\$1.9815	\$0.0023	-\$0.1021
Dec-19	\$1.9892	\$0.0026	-\$0.0996
Jan-20	\$1.9936	\$0.0036	-\$0.0978
Feb-20	\$1.9924	\$0.0050	-\$0.0961
Mar-20	\$1.9884	\$0.0066	-\$0.0946
Apr-20	\$1.9775	\$0.0062	-\$0.0961

Other Front Month NYMEX		Close	Change
Crude - WTI	Jan Brent-	\$54.6300	\$1.2000
Crude - Brent	WTI Spread	\$63.4800	\$0.9500
Natural Gas	\$8.85	\$4.4510	-\$0.0720
Gasoline		\$1.5107	\$0.0148

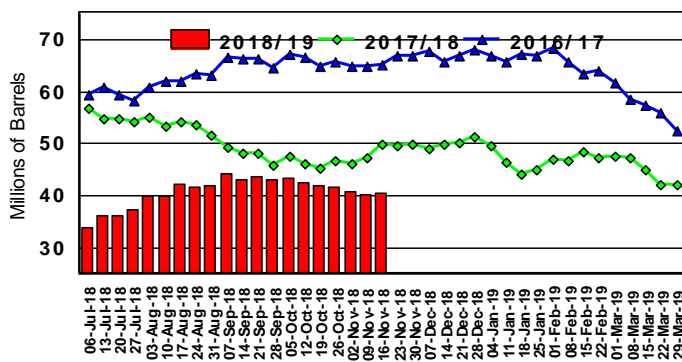
EIA Working Gas Storage Report

	16-Nov-18	09-Nov-18	Change	Year Ago
East	803	835	-32	894
Midwest	959	991	-32	1,093
Mountain	174	181	-7	220
Pacific	258	266	-8	314
South Central	919	974	-55	1,211
Salt	251	272	-21	340
Nonsalt	668	702	-34	871
Total	3,113	3,247	-134	3,733

EIA Weekly Petroleum Status Report for the Week Ending November 16, 2018

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 4.851 million barrels

Cushing, OK Crude Stocks Down 116,000 barrels

Gasoline Stocks Down 1.295 million barrels

Distillate Stocks Down 77,000 barrels

Refinery % Operated 92.7%, Up 2.6%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Nov 16, 2018	Week Ending Nov 9, 2018	Week Ending Nov 17, 2017
New England	8.1	7.5	7.6
Central Atlantic	21.0	22.2	29.2
Total PADD #1	40.3	40.2	49.8
Distillate Imports (thousands b/d)	85	226	171