

Market Commentary

Recap: Oil prices opened the session trading above unchanged in what was another unstable session, as traders continued to weigh in on the December 6 OPEC meeting between major oil producers. Expectations that there will be mild production cuts pushed January WTI to a high of \$54.55, for a gain of 3%, while February Brent hit a high of \$63.56 a barrel, a gain of 3%. However, gains were tempered following a statement by U.S. President Donald Trump that he would revert to tariffs on China if the two sides could not resolve their differences. Uncertainty regarding the trade deal and the upcoming OPEC meeting curbed enthusiasm that drove oil prices 4% higher on Monday. This pushed prices to fresh session lows, with January WTI falling 3.4% off the session high to a low of \$52.67, with February Brent bottoming out at \$61.65, a drop of 1.4% from the session high. Prices recovered as the dollar fell, with January WTI settling at \$53.25 a barrel, up 30 cents, or 0.75%, and February Brent tacking on 39 cents, or 0.63%, to settle at \$62.08 a barrel. January RBOB tacked on 0.8% to \$1.443 a gallon, while January heating oil rose 0.7% to \$1.901 a gallon.

Technical Analysis: January WTI extended its gains, rising above \$54.48, a previous 62% Fibonacci retracement number. Its inability to gather momentum above this level prompted a technical sell-off. We would look for continued signs of exhaustion, which in turn will spark intraday sell offs. Resistance remains at \$54.48, with additional resistance set at \$55.00. To the downside, support is set at \$52.13 and below that at \$50.93.

Fundamental News: OPEC and its allies are working towards a deal this week to reduce oil production by at least 1.3 million bpd. OPEC is scheduled to meet on Thursday followed by talks with allies such as Russia on Friday. The producer group's de facto leader, Saudi Arabia, has indicated a need for steep reductions in output from January but has come under pressure from US President Donald Trump to help support the world economy with lower oil prices. Four sources, three from OPEC and one from a non-OPEC producer, said the meetings were taking place in a difficult environment and that Russia's position would be key in reaching a deal. Saudi Arabia's Oil Minister, Khalid Al-Falih, said it was too soon to say if OPEC and its allies would cut production as the terms of the deal remain unresolved. The UAE's Energy Minister, Suhail bin Mohammed al-Mazroui, said that an adjustment in global oil output is required and all producers must be on board. Russian sources have indicated that Russia could contribute about 140,000 bpd to a reduction, however OPEC insists that Russia cut its output by 250,000 to 300,000 bpd. Two sources said talks were focusing on a pro-rata cut of 3-3.5% from October output levels, with no exemptions for any member. Sources also stated that OPEC could delay a decision to cut if the main criteria such as Russia's involvement were not met, even though doing so would mean a further decline in prices. Iraq's Oil Minister, Thamer Ghadhban, said OPEC must come up with a medium-to-long-term strategy to achieve crude price stability and minimize damage to oil markets caused by geopolitics. He said Iraq would work to help balance the markets and support prices.

Russia's Energy Minister, Alexander Novak, said OPEC and other leading oil producers on Wednesday will discuss Qatar's decision to leave the group. Separately, he stated that Iran-related sanctions, imposed by the US against a ministry unit were baseless.

Iran's President Hassan Rouhani, said the US will not be able to stop Iran from exporting its oil and any move to prevent Iranian oil shipments passing through the Gulf would lead to all oil exports through the waterway being blocked. He said if Iran cannot export oil then no country will export oil from the Gulf. He said the US would not succeed in cutting Iran's economic ties with the region and the world.

Early Market Call - as of 8:30 AM EDT

WTI - Jan \$53.33, up 8 cents
 RBOB - Jan \$1.4460, up 34 points
 HO - Jan \$1.8994, down 20 points

All NYMEX | Prior Settlements

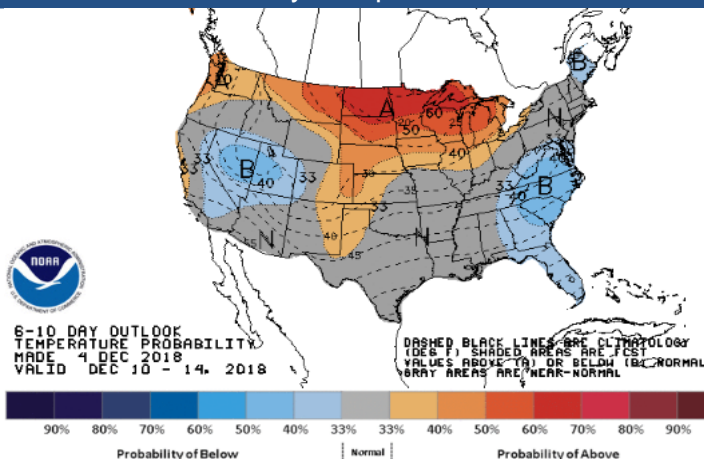
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-19	\$1.9009	\$0.0134	\$0.0185
Feb-19	\$1.8927	\$0.0130	\$0.0193
Mar-19	\$1.8838	\$0.0124	\$0.0190
Apr-19	\$1.8731	\$0.0115	\$0.0197
May-19	\$1.8723	\$0.0114	\$0.0200
Jun-19	\$1.8752	\$0.0119	\$0.0200
Jul-19	\$1.8839	\$0.0124	\$0.0195
Aug-19	\$1.8943	\$0.0129	\$0.0190
Sep-19	\$1.9057	\$0.0133	\$0.0182
Oct-19	\$1.9155	\$0.0135	\$0.0171
Nov-19	\$1.9237	\$0.0133	\$0.0159
Dec-19	\$1.9300	\$0.0129	\$0.0145
Jan-20	\$1.9353	\$0.0128	\$0.0146
Feb-20	\$1.9369	\$0.0123	\$0.0162
Mar-20	\$1.9355	\$0.0123	\$0.0176
Apr-18	\$1.9257	\$0.0123	\$0.0177
May-18	\$1.9230	\$0.0123	\$0.0177

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$53.4600	\$0.3200
Crude - Brent	WTI Spread	\$62.0800	\$0.3900
Natural Gas	\$8.62	\$4.4570	\$0.1180
Gasoline		\$1.4434	\$0.0120

API Weekly Report for the Week Ending November 30, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 5.4 million barrels	Down 2.3 million barrels
Cushing, OK Crude Stocks	Up 1.4 million barrels	
Gasoline Stocks	Up 3.6 million barrels	Up 1.3 million barrels
Distillate Stocks	Up 4.3 million barrels	Up 1.6 million barrels
Refinery Runs	Up 127,000 bpd	Up 0.7%

NWS 6-10 Day Temperature Outlook



NWS 8-14 Day Temperature Outlook

