

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil prices experienced their largest daily gain in more than five months, after Pfizer, a multinational pharmaceutical corporation and one of the world's largest pharmaceutical companies, announced promising results for its COVID-19 vaccine. Adding to the higher move were suggestions by Saudi Arabia that it and other oil producers could adjust its current supply cut agreement by taking more barrels off the market if demand slips as the number of coronavirus cases spreads before the vaccine is widely available. Traders were also reacting to the weekend announcement that Democrat Joe Biden is the winner of the U.S. Presidential elections. December WTI settled at \$40.29 a barrel, up \$3.15 or 8.48%. Brent for December delivery added \$2.95, or 7.48%, to settle at \$42.40 a barrel. December RBOB tacked on 8.763 cents, to settle at \$1.1687 a gallon, while December heating oil finished at \$1.2167 a gallon up 7.41 cents.

### Market Outlook

Price activity on Monday most likely included its fair share of short-covering by traders spooked out of the market by the news of a possible vaccine. If we see follow-through buying, this may change that possibility. In the meantime, the number of cases will continue to spread until the vaccine is waiting for approval and as it is distributed. At the same time, the Biden administration could relax measures against Iran and Venezuela, which have the potential of bringing more oil to the market. December WTI closed in on the 200-day moving average, which is currently set at \$41.64, making this our first level of resistance, with additional resistance set at \$42 and \$44. To the downside, support is set at \$39.42 and \$38.42.

**Fundamental News:** The Associated Press declared Joe Biden the 46<sup>th</sup> President after stating that he won Pennsylvania four days after Election Day polls closed. The Democratic ticket's victory also makes Senator Kamala Harris the first woman ever elected as Vice President. President Elect, Joe Biden said "in the face of unprecedented obstacles, a record number of Americans voted. Proving once again, that democracy beats deeps in the heart of America." With the campaign over, it's time to put the anger and the harsh rhetoric behind us and come together as a nation." Meanwhile, President Trump has not conceded the race and said in a statement that his campaign would continue with legal challenges in several states.

An official with the International Energy Agency (IEA) said renewed lockdown measures in Europe aimed at containing a rise in COVID-19 cases appear set to push the outlook for global oil demand toward the downside. Keisuke Sadamori, IEA director for energy markets and security, said the impact would, however, likely be less severe than under lockdowns earlier in the year. He said China remains the world's major bright spot after suppressing the virus earlier this year and is on track to be the only major country to boost its year-on-year demand for oil.

Fitch Ratings said it believes that OPEC+ will continue to make timely changes to supply in 2021, which should reduce oil price volatility. It expects that OPEC+ is likely to at least extend cuts by several months in order to avoid production surpluses and rapidly falling prices. Fitch said it expects a combination of lockdowns and increasing infection rates across the world to delay a full oil demand recovery beyond 2021. It expects global demand to be stronger during the current lockdowns than in April-May and kept its oil price assumptions unchanged.

Citi Research cut its 2021 oil price forecasts after a larger-than-expected increase in COVID-19 cases, but said tighter supply from OPEC and its allies would still lead to a gradual uptick in prices next year. Citi cut its 2021 Brent and West Texas Intermediate crude price outlook by \$5 to \$54/barrel and \$49/barrel, respectively. It forecast oil demand to fall by 8.9 million bpd in 2020, but increase by over 7 million bpd in 2021.

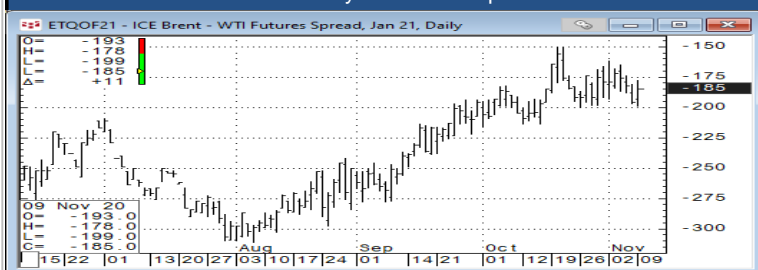
### Early Market Call - as of 8:30 AM EDT

WTI - Dec \$40.46, up 17 cents  
 RBOB - Dec \$1.1675, up 68 points  
 HO - Dec \$1.2305, up 1.38 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-20	\$1.2167	\$0.0741	-\$0.1044
Jan-21	\$1.2271	\$0.0758	-\$0.1049
Feb-21	\$1.2370	\$0.0774	-\$0.1053
Mar-21	\$1.2453	\$0.0783	-\$0.1047
Apr-21	\$1.2500	\$0.0792	-\$0.1030
May-21	\$1.2584	\$0.0797	-\$0.1002
Jun-21	\$1.2679	\$0.0796	-\$0.0974
Jul-21	\$1.2784	\$0.0786	-\$0.0948
Aug-21	\$1.2889	\$0.0778	-\$0.0928
Sep-21	\$1.3001	\$0.0770	-\$0.0906
Oct-21	\$1.3113	\$0.0765	-\$0.0885
Nov-21	\$1.3223	\$0.0763	-\$0.0873
Dec-21	\$1.3312	\$0.0760	-\$0.0859
Jan-22	\$1.3422	\$0.0757	-\$0.0851
Feb-22	\$1.3498	\$0.0753	-\$0.0842
Mar-22	\$1.3534	\$0.0752	-\$0.0837
Apr-22	\$1.3527	\$0.0748	-\$0.0830

		Close	Change
Crude - WTI	Jan Brent-	\$40.6200	\$3.1300
Crude - Brent	WTI Spread	\$42.4000	\$2.9500
Natural Gas	\$1.78	\$2.8590	-\$0.0290
Gasoline		\$1.1607	\$0.0763

### ICE January Brent-WTI Spread



## December Heating Oil Crack Spread

## December RBOB Crack Spread

