

Market Commentary

Recap: Oil futures experienced a wide trading range on Friday, as prices initially headed lower, only to reverse to the upside after OPEC and other key producers surprised the market with steeper output cuts for early next year. Reports have indicated that the Organization of the Petroleum Exporting Countries and big exporters of oil like Russia in an annual meeting in Vienna have recommended cutting production by 500,000 barrels a day, much deeper than had previously been anticipated by experts. After falling to a session low of \$57.70 a barrel, January WTI rose to a session high of \$59.85, a gain of \$1.42, or 2.4%, while February Brent bounced from a session low of \$62.83, to a high of \$64.88 a barrel, a gain of \$1.49, or 2.3%. Gains were pared with January WTI settling at \$59.20 a barrel, up 77 cents, or 1.3%, for a weekly gain of 7.3%. February Brent finished the week at \$64.39, up \$1.00, or 1.58%, for a weekly gain of 6.4%. January RBOB finished the week at \$1.6474, up \$2.63, or 1.6%, while January heating oil settled at \$1.9521, up \$1.91, or 0.9%.

Technical Analysis: WTI finished the week on a strong note, while bouncing off of \$57.73, the 10-day moving average. At this point the trend is to the upside, with this market looking to test the \$60.00 resistance level. Above this, additional resistance is set at \$62.50. To the downside, support is set at \$58.10 and below that at \$57.20, the 50-day moving average.

Fundamental News: OPEC and allied producers, the so-called OPEC+, have agreed to deepen their output cuts by 500,000 bpd for the first quarter of 2020, taking the total of 1.7 million bpd. The cuts had been agreed to in principle by OPEC on Thursday but needed to be approved by its allies. OPEC is likely to shoulder about 340,000 bpd in fresh cuts and non-OPEC producers an extra 160,000 bpd. OPEC and the wider OPEC+ group plan to meet again on March 5th and March 6th, respectively. Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said effective cuts could be as much as 2.1 million bpd as Saudi Arabia would carry on cutting more than its quota. He said Saudi Arabia's additional cut would be 167,000 bpd.

Russia's Energy Minister, Alexander Novak, said Russia's output cut quota would be 300,000 bpd in the first quarter without gas condensate. Russia's gas condensate production averaged 833,000 bpd in November, up from an October 2018 baseline of 796,000 bpd being used in a global oil output cut deal. He said OPEC agreed to allow participants to exclude condensate, a light crude extracted as a by-product of gas production.

US energy firms cut the number of oil rigs operating for a seventh consecutive week. Baker Hughes reported that drillers cut five oil rigs in the week ending December 6th, bringing the total count down to 663, the lowest level since April 2017.

IIR Energy reported that US oil refiners are expected to shut in 547,000 bpd of capacity in the week ending December 6th, increasing available refining capacity by 195,000 bpd from the previous week. Offline capacity is expected to fall further to 268,000 bpd in the week ending December 13th and to 62,000 bpd in the week ending December 20th.

White House economic adviser Larry Kudlow said that the December 15th deadline is still in place for a new round of US tariffs set to kick in on Chinese goods. He said President Donald Trump likes where trade talks with China are going.

Early Market Call - as of 8:35 AM EDT

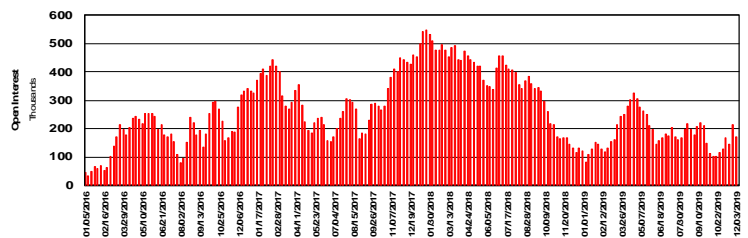
WTI - Jan \$58.40 down 80 cents
 RBOB - Jan \$1.6288 down 1.86 cents
 HO - Jan \$1.9881 down 2.40 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-20	1.9521	0.0191	-0.0736
Feb-20	1.9514	0.0183	-0.0672
Mar-20	1.9433	0.0184	-0.0774
Apr-20	1.9277	0.0178	-0.0777
May-20	1.9152	0.0174	-0.0777
Jun-20	1.9058	0.0168	-0.0766
Jul-20	1.9027	0.0163	-0.0763
Aug-20	1.9009	0.0158	-0.0760
Sep-20	1.9008	0.0154	-0.0757
Oct-20	1.9011	0.0152	-0.0750
Nov-20	1.9012	0.0144	-0.0737
Dec-20	1.9009	0.0139	-0.0722
Jan-21	1.9011	0.0132	-0.0711
Feb-21	1.8951	0.0125	-0.0705
Mar-21	1.8843	0.0121	-0.0701
Apr-21	1.8666	0.0115	-0.0690
May-21	1.8545	0.0110	-0.0682

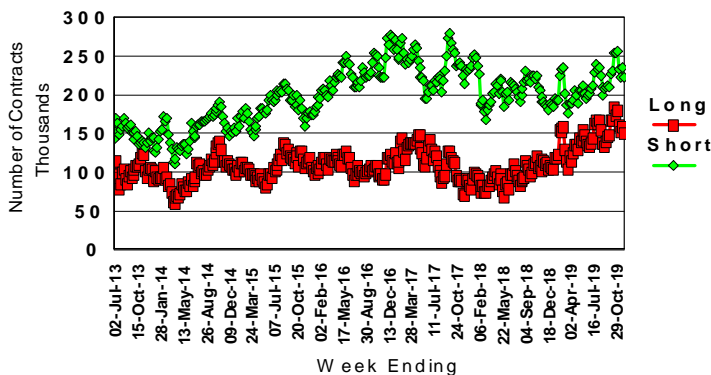
Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$59.1000	\$0.7600
Crude - Brent	WTI Spread	\$64.3900	\$1.0000
Natural Gas	\$5.29	\$2.3340	-\$0.0930
Gasoline		\$1.6474	\$0.0263

WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending December 3, 2019

Producer/Merchant Heat Positons CFTC Commitment of Traders Report



Managed Money Heat Positons CFTC Commitment of Traders Report

