

## Market Commentary

**Recap:** Oil traded higher Thursday, finding support from a report that the Organization of the Petroleum Exporting Countries and its allies are likely to extend production cuts as well as renewed optimism around U.S.-China trade talks. January WTI rose to a session high of \$58.67 a barrel, up \$1.66, or 2.9%, the highest level a spot month traded since September 23. Brent traded above \$64.00 a barrel for the first time since September, with the January contract topping the session at \$64.03, up \$1.63, or 2.6%. Gains were slightly pared, with January WTI settling at \$58.58 a barrel, up \$1.57, or 2.8% and January Brent settling at \$63.97 a barrel, up \$1.57, or 2.5%. December RBOB rose 2.9% to \$1.7044 a gallon, while December heating oil added 2.8% to \$1.9447 a gallon.

**Technical Analysis:** January WTI settled above \$58.00, the top of the consolidation pattern that has been in place since the beginning of November. This in conjunction with the crossing of the 10-day moving average above the 50-day moving average, sets up for a run towards the channel top, which is currently set at \$59.75. Above this level, additional resistance is set at \$60.00. Support is set at \$7.10 and below that at \$56.60.

**Fundamental News:** Genscape reported that crude oil stocks held in the Cushing, Oklahoma storage hub in the week ending Tuesday, November 19<sup>th</sup> fell by 595,515 barrels on the week and by 48,174 barrels from Friday, November 15<sup>th</sup> to 45,553,295 barrels.

OPEC and its allies are likely to extend existing oil output cuts when they meet in December until mid-2020, with non-OPEC oil producer Russia supporting Saudi Arabia's push for stable oil prices. The current output cuts run through to March 2020. OPEC is meeting on December 5<sup>th</sup> in Vienna, followed by talks with a group of non-OPEC producers, led by Russia. On December 5<sup>th</sup>, Saudi Arabia is also expected to announce the final pricing of the initial public offering of Aramco.

The premier of Alberta, said that the end of a government imposed curtailment of oil production could come earlier than its December 2020 end date. Alberta introduced mandatory oil production cuts on January 1, 2019, to reduce a crude oversupply that depressed regional prices. It has relaxed some limits to allow for more output and to try to stimulate more drilling and investment.

California Governor, Gavin Newsom, cracked down on oil producers, halting approval of hundreds of fracking permits until independent scientists can review them and temporarily banning new wells using another drilling method that regulators believe is linked to one of the largest spills in state history. The State Division of Oil, Gas and Geothermal Resources announced it will not approve new wells that use high-pressure steam to extract oil from underground. California has 263 pending fracking permits but has not approved any of them since July.

The US Environmental Protection Agency reported that the US generated more renewable fuel blending credits in October than in September. About 1.26 billion blending credits were generated in September, up from 1.2 billion in August, and 374.9 million biodiesel blending credits were generated in September, compared with 338.9 million a month earlier.

The Wall Street Journal reported that China invited top US trade negotiators for a new round of talks in Beijing amid continued efforts to sign at least a limited deal. The report said Chinese Vice Premier Liu He invited US Trade Representative, Robert Lighthizer, and Treasury Secretary, Steven Mnuchin, for a meeting. US officials have indicated they would be willing to meet in person but have not committed to a date.

**Early Market Call - as of 8:25 AM EDT**

WTI - Jan \$58.27, down 31 cents  
 RBOB - Dec \$1.6949, down 94 points  
 HO - Dec \$1.9454, up 17 points

## All NYMEX | Prior Settlements

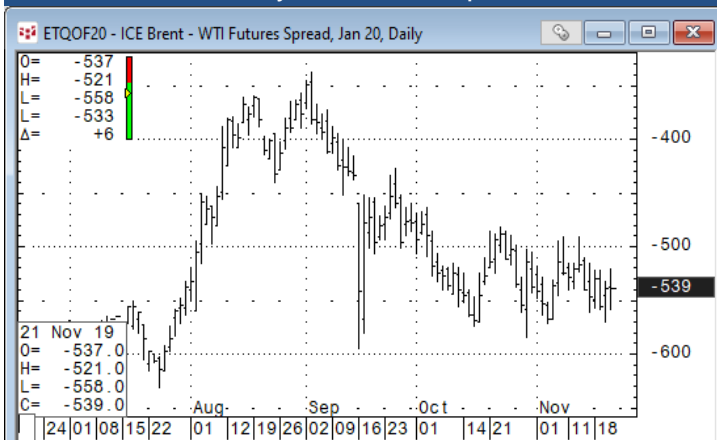
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-19	1.9447	0.0526	-0.0268
Jan-20	1.9431	0.0527	-0.0286
Feb-20	1.9380	0.0519	-0.0199
Mar-20	1.9272	0.0505	-0.0323
Apr-20	1.9103	0.0484	-0.0315
May-20	1.8978	0.0462	-0.0296
Jun-20	1.8904	0.0441	-0.0291
Jul-20	1.8878	0.0428	-0.0285
Aug-20	1.8868	0.0419	-0.0287
Sep-20	1.8874	0.0410	-0.0289
Oct-20	1.8887	0.0406	-0.0290
Nov-20	1.8902	0.0402	-0.0291
Dec-20	1.8913	0.0398	-0.0292
Jan-21	1.8930	0.0396	-0.0302
Feb-21	1.8876	0.0393	-0.0307
Mar-21	1.8771	0.0389	-0.0304
Apr-21	1.8602	0.0386	-0.0310

Other Front Month NYMEX		Close	Change
Crude - WTI	Jan Brent-	\$58.5800	\$1.5700
Crude - Brent	WTI Spread	\$63.9700	\$1.5700
Natural Gas	\$5.39	\$2.5670	\$0.0080
Gasoline		\$1.7044	\$0.0481

## EIA Working Gas Storage Report

	15-Nov-19	08-Nov-19	Change	Year Ago
East	909	932	-23	808
Midwest	1,069	1,106	-37	964
Mountain	205	207	-2	175
Pacific	292	290	2	259
South Central	1,164	1,197	-33	927
Salt	299	313	-14	254
Nonsalt	864	884	-20	673
Total	3,638	3,732	-94	3,132

## ICE January Brent-WTI Spread



## NYMEX Spot WTI

