

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices peeled back recent gains Tuesday on signs of exhaustion as the rising number of coronavirus cases overshadowed hopes for a vaccine. The short term economic outlook remains cloudy with European countries imposing tighter restrictions. An option gaining support among OPEC+ nations is to keep the existing cuts of 7.7 million barrels per day (bpd) for a further three to six months, sources said, rather than tapering the reduction to 5.7 million bpd in January. December WTI added 9 cents, or 0.22%, to settle at \$41.43 a barrel, while January Brent fell 7 cents, or 0.16% to \$43.75 a barrel. December RBOB settled at \$1.1532 a gallon up .0064 cents. December heating oil added .0102 to settle at \$1.2391 a gallon.

Market Outlook: While December WTI settled below the 200-day moving average, it was not a total breakdown below it, as this spot contract bounced off of its low. With this technical indicator moving somewhat sideways over the past few trading sessions, we would look for continued dips, with a test down at the 10 and 40-day moving averages, which are \$40.31 and \$40.00, a strong support level. Below these two averages, additional support is set at \$37 and \$36.25. Resistance is seen at \$42.

Fundamental News: OPEC and its allies have revised oil demand scenarios for 2021 with demand seen weaker than previously anticipated, supporting the case for a tighter supply policy next year. The Joint Technical Committee sees slower oil demand in 2021, with oil demand expected to grow by 6.2 million bpd on the year, representing a downward revision of 300,000 bpd compared with a previous estimate. It sees a decline in OECD stocks to 73 million barrels above the 5-year average in 2021 if current oil cuts were extended to the first quarter of 2021. It sees a decline in OECD oil stocks to 21 million barrels above the 5-year average in 2021 if oil cuts were extended to the first half of 2021. OECD stocks fell in September but were 212 million barrels above the five-year average. Under the report's base case scenario, OECD stocks would fall and remain 125 million barrels over the five-year average at the end of 2021.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, called on fellow OPEC+ members to be flexible in responding to oil market needs as it builds the case for a tighter oil production policy in 2021 to offset weaker demand amid a new wave of the coronavirus pandemic. OPEC+ is considering delaying a plan to increase output by 2 million bpd or 2% of global demand in January to support the market. Saudi Arabia has indicated that it wants a tighter policy in 2021 to draw down inventories still increasing since demand fell this year. However, other large producers, such as Iraq, have failed to deliver fully on promised cuts and have signaled they want some leeway to produce more oil next year. The OPEC+ Joint Ministerial Monitoring Committee ended without making recommendations to changing their agreement. The next OPEC+ JMMC meeting is planned for December 17th.

The UAE's Energy Minister told a closed OPEC+ panel meeting on Tuesday that all members should deliver on full oil cut commitments before agreeing to changes or extension of the current output agreement. Separately, the UAE reduced its oil production by 153,000 bpd during October in line with the OPEC+ supply agreement.

Russia's Deputy Prime Minister, Alexander Novak, said Russia will stick to its obligations under the deal with OPEC on oil output cuts. He also stated that the oil market has reached stability thanks to joined global efforts.

Early Market Call - as of 8:50 AM EDT

WTI - Dec \$41.90, up 47 cents
 RBOB - Dec \$1.1653, up 1.21 cents
 HO - Dec \$1.2605, up 2.14 cents

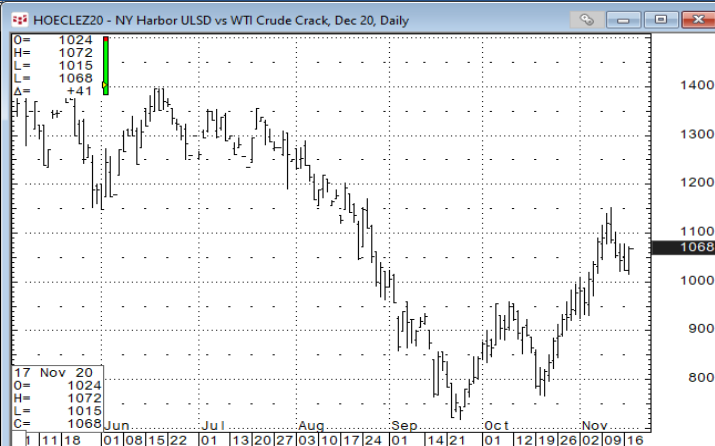
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-20	1.2391	0.0102	0.0134
Jan-21	1.2489	0.0085	0.0144
Feb-21	1.2605	0.0072	0.0133
Mar-21	1.2708	0.0067	0.0114
Apr-21	1.2761	0.0067	0.0105
May-21	1.2839	0.0067	0.0108
Jun-21	1.2928	0.0067	0.0109
Jul-21	1.3033	0.0067	0.0104
Aug-21	1.3136	0.0064	0.0101
Sep-21	1.3245	0.0060	0.0102
Oct-21	1.3353	0.0057	0.0104
Nov-21	1.3451	0.0056	0.0113
Dec-21	1.3529	0.0053	0.0120
Jan-22	1.3628	0.0051	0.0127
Feb-22	1.3690	0.0048	0.0133
Mar-22	1.3716	0.0048	0.0137
Apr-22	1.3704	0.0047	0.0136

		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$2.10	\$41.6500	\$0.0800
Crude - Brent		\$43.7500	-\$0.0700
Natural Gas		\$2.6920	-\$0.0050
Gasoline		\$1.1532	\$0.0064

API Report for the Week Ending November 13, 2020

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 4.2 million barrels	Up 100,000/1.7 million barrels
Cushing, OK Crude Stocks	Up 1.6 million barrels	
Gasoline Stocks	Up 256,000 barrels	Up 100,000/300,000 barrels
Distillate Stocks	Down 5 million barrels	Down 1.5/1.8 million barrels
Refinery Runs	Up 176,000 bpd	Up 0.3% at 74.8%
Crude Imports	Up 210,000 bpd	

December Heating Oil Crack Spread



December RBOB Crack Spread

