

## Market Commentary

**Recap:** The 7.3 million barrel draw in U.S. crude oil inventories did little to prop up prices after OPEC announced that it was delaying its decision to cut output until it meets with other producers on Friday. Adding extra pressure was a statement by the Saudi oil minister, stating he believes it would be difficult to reach an agreement to cut output. Prices peaked in overnight trading after finding it difficult to gain traction. January WTI traded as high as \$53.30 a barrel, while February Brent stopped just below \$62.00 a barrel, as it set a high of \$61.96. By daybreak in the U.S; prices slipped well below unchanged, with both WTI and Brent falling as much as 5%. With uncertainty still looming over proposed cuts, losses were pared. January WTI settled at \$51.49 a barrel, down \$1.40, or 2.65%, while February Brent fell \$1.50, or 2.44%, to settle at \$60.06 a barrel. January RBOB lost 0.8% to \$1.433 a gallon and January heating oil settled at \$1.858 a gallon, down 1.6%.

**Technical Analysis:** January WTI settled below \$51.70, the 10-day moving average, which in turn prompted additional selling. As with breaks of this nature, we will have to wait for a test of this break, with January WTI retreating back to the aforementioned average. A second settlement below this technical number will arouse sellers, while a settlement above it will stimulate buying. Resistance is set at \$55.00 and \$58.80, with support resting at \$50.93 and below that at \$50.00.

**Fundamental News:** OPEC tentatively agreed on an oil output cut on Thursday but was waiting to hear from non-OPEC Russia before deciding the exact volumes for a production cut. OPEC delegates said OPEC has made a planned cut in oil output effectively conditional on the contribution from non-OPEC Russia. They stated that OPEC and its allies could cut 1 million bpd if Russia is willing to contribute 150,000 bpd and added that OPEC and its allies could cut in excess of 1.3 million bpd if Russia cuts its output by about 250,000 bpd. The output cut is unlikely to be larger than 1.4 million bpd.

Earlier, Saudi Arabia's Energy Minister, Khalid al-Falih, said OPEC and its allies were working towards cutting oil output by up to 1.5 million bpd but could fail to reach a deal if no compromise is found with non-OPEC Russia. He said possible output cuts by OPEC and its allies ranged from 500,000 bpd to 1.5 million bpd, and added that 1 million bpd was acceptable. OPEC members met on Thursday but were waiting for news from Russia's Energy Minister, Alexander Novak, who flew back from Vienna earlier for possible talks with President Vladimir Putin. Russia's Energy Minister is scheduled to return to Vienna on Friday for talks between OPEC and its allies. Saudi Arabia's Oil Minister also stated that the country's oil exports may be about 7.7 million bpd in December, down from 8.3 million bpd in November.

Interfax news agency quoted Russia's Energy Minister, Alexander Novak, as saying that Russia will find it harder to cut its oil output in the winter than other producers because of the cold conditions at Russian oil fields. He also stated that OPEC and non-OPEC oil producers are taking into account real market conditions, not US President Donald Trump's tweets.

Iraq's Oil Minister, Thamer Ghadhban said Iraq would support and join a cut.

Iran's Oil Minister, Bijan Zanganeh, met with his Qatari counterpart in Vienna on Thursday and discussed Qatar's decision to withdraw from OPEC during the meeting. They also discussed the reduced share of OPEC members in the oil market and the growing involvement of other countries in OPEC's decisions. Iran's Oil Minister said he would support a cut as long as Iran did not need to reduce its own output.

The eastern Libyan oil ports of Es Sider, Ras Lanuf, Brega and Zueitina were still closed on Thursday due to bad weather.

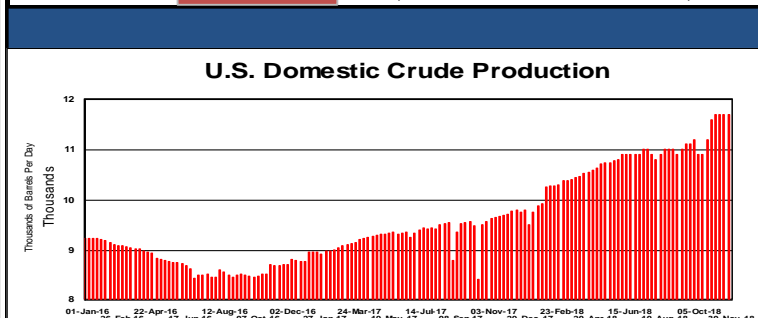
**Early Market Call - as of 8:05 AM EDT**

WTI - Jan \$52.30, up 82 cents  
 RBOB - Jan \$1.4622, up 2.93 cents  
 HO - Jan \$1.8863, up 2.82 cents

## All NYMEX | Prior Settlements

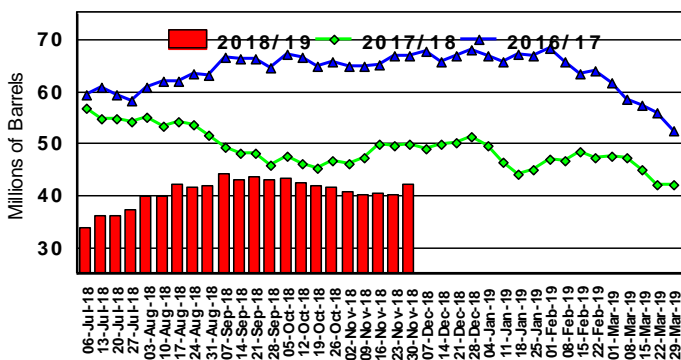
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-19	\$1.8582	-\$0.0304	\$0.0188
Feb-19	\$1.8501	-\$0.0311	\$0.0177
Mar-19	\$1.8412	-\$0.0326	\$0.0153
Apr-19	\$1.8320	-\$0.0326	\$0.0138
May-19	\$1.8330	-\$0.0317	\$0.0121
Jun-19	\$1.8378	-\$0.0306	\$0.0103
Jul-19	\$1.8474	-\$0.0300	\$0.0089
Aug-19	\$1.8583	-\$0.0298	\$0.0079
Sep-19	\$1.8699	-\$0.0297	\$0.0072
Oct-19	\$1.8803	-\$0.0292	\$0.0067
Nov-19	\$1.8898	-\$0.0291	\$0.0065
Dec-19	\$1.8974	-\$0.0286	\$0.0061
Jan-20	\$1.9032	-\$0.0285	\$0.0054
Feb-20	\$1.9051	-\$0.0279	\$0.0050
Mar-20	\$1.9040	-\$0.0273	\$0.0051
Apr-20	\$1.8941	-\$0.0271	\$0.0038
May-20	\$1.8919	-\$0.0263	\$0.0031

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$51.7000	-\$1.4200
Crude - Brent	WTI Spread	\$60.0600	-\$1.5000
Natural Gas	\$8.36	\$4.3270	-\$0.1420
Gasoline		\$1.4334	-\$0.0122



## EIA Weekly Petroleum Status Report for the Week Ending November 30, 2018

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 7.323 million barrels  
 Cushing, OK Crude Stocks Up 1.729 million barrels  
**Gasoline Stocks** Up 1.699 million barrels  
**Distillate Stocks** Up 3.811 million barrels  
**Refinery % Operated** 95.5%, Down 0.1%

#### PADD #1

Distillate Stocks (in million bbls)	Week Ending Nov 30, 2018	Week Ending Nov 23, 2018	Week Ending Dec 2, 2017
New England	7.3	7.5	7.7
Central Atlantic	22.5	21.2	29.0
Total PADD #1	42.0	40.1	49.8
Distillate Imports (thousands b/d)	370	154	94