

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices were all over the place on Tuesday as traders grappled with record Saudi production and expectations that oil exporters could agree to cut production at the upcoming OPEC meeting. At the onset of trading, U.S. oil dipped below unchanged but gathered strength in overnight trading, with the January contract topping the session at \$52.38 a barrel. Prices struggled to the upside, kept at bay by strength in the dollar, and the impending G20 summit and OPEC meeting. As the dollar strengthened, oil prices slipped to fresh session lows, as January WTI hit a low of \$50.30 a barrel. As the downside lost momentum, oil futures severed losses. January WTI finished close to unchanged, at \$51.56 a barrel, down 7 cents, or 0.13%, while Brent for January delivery slipped 27 cents, or 0.45%, to settle at \$60.21. December RBOB fell 1.5% to \$1.421 a gallon, while December heating oil lost 0.4% to \$1.886 a gallon.

Technical Analysis

The main trend is down according to the daily spot continuation chart. A trade through \$50.10 will signal a resumption of the downtrend. The January WTI contract is currently holding former bottoms at \$51.17 and \$50.16. If it breaks below \$50.10, we could easily see \$49.85 become the next target. This is a potential trigger point for additional moves toward \$47.96. The nearest upside resistance is a Fibonacci level at \$54.48.

Fundamental News: Societe Generale sees Brent prices at \$73/barrel for both 2018 and 2019 and WTI prices at \$66/barrel for both 2018 and 2019. It also anticipates that OPEC and non-OPEC producers will cut crude production by 1 million bpd or more at the upcoming OPEC meeting. It expects global oil demand to remain high, with growth of 1.3 million bpd in 2018 and 1.4 million bpd in 2019.

Energy consultancy FGE said a failure by OPEC and Russia to cut production significantly would mean crude prices will fall further, with Brent at \$50/barrel and WTI at \$40/barrel or less.

Iraq's Oil Ministry said the country allocated its oil sales for 2019, with 67% of exports going to Asian markets, 20% to Europe and 13% to North and South America. Iraq's 2019 oil sales will include shipments from the southern oilfields and Kirkuk.

Exports of Nigeria's Bonny Light crude is expected to decline to 214,500 bpd in January from 263,483 bpd in December. Exports of Bonga crude is expected to remain at 153,226 bpd in January, unchanged from December.

The Petroleum Association of Japan stated that Japanese buyers are unlikely to load Iranian oil after April 1st without an extension of the country's current waiver because of the difficulty in making payments before sanctions are reimposed in early May. Japan's oil loadings from Iran are likely to be heavy in January-March, although some shipments may take place around the end of December. The US granted exemptions to Japan and seven other countries on November 5th, allowing them to temporarily continue buying Iranian oil for another 180 days, after the US reimposed sanctions on Iran's banking, energy and shipping industries. Japan's oil refining industry will continue to seek an extension of the waiver from US sanctions on Iranian oil imports after the initial 180-day exemption is over. Japan's Idemitsu Kosan hopes to buy the remainder of its contractual volumes of Iranian crude during the exemption period.

Early Market Call - as of 8:00 AM EDT

WTI - Jan \$51.15, down 42 cents
 RBOB - Dec \$1.4164, down 23 points
 HO - Dec \$1.8685, down 1.66 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-18	\$1.8860	-\$0.0070	-\$0.1042
Jan-19	\$1.8824	-\$0.0048	-\$0.0994
Feb-19	\$1.8734	-\$0.0054	-\$0.0968
Mar-19	\$1.8648	-\$0.0060	-\$0.0946
Apr-19	\$1.8534	-\$0.0063	-\$0.0911
May-19	\$1.8523	-\$0.0063	-\$0.0866
Jun-19	\$1.8552	-\$0.0062	-\$0.0821
Jul-19	\$1.8644	-\$0.0057	-\$0.0781
Aug-19	\$1.8753	-\$0.0054	-\$0.0748
Sep-19	\$1.8875	-\$0.0050	-\$0.0725
Oct-19	\$1.8984	-\$0.0046	-\$0.0715
Nov-19	\$1.9078	-\$0.0045	-\$0.0714
Dec-19	\$1.9155	-\$0.0044	-\$0.0711
Jan-20	\$1.9207	-\$0.0045	-\$0.0693
Feb-20	\$1.9207	-\$0.0043	-\$0.0667
Mar-20	\$1.9179	-\$0.0044	-\$0.0639
Apr-18	\$1.9080	-\$0.0035	-\$0.0633

Other Front Month NYMEX		Close	Change
Crude - WTI	Jan Brent-	\$51.5600	-\$0.0700
Crude - Brent	WTI Spread	\$60.2100	-\$0.2700
Natural Gas	\$8.65	\$4.2620	\$0.0140
Gasoline		\$1.4208	-\$0.0218

API Weekly Report for the Week Ending November 23, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 3.5 million barrels	Down 600,000 barrels
Cushing, OK Crude Stocks	Up 1.3 million barrels	
Gasoline Stocks	Down 2.6 million barrels	Up 800,000 barrels
Distillate Stocks	Up 1.2 million barrels	Down 1.5 million barrels
Refinery Runs	Up 433,000 bpd	Up 0.9%

NYMEX JAN HEAT CRACK

NYMEX JAN RBOB CRACK

