

Market Commentary

Recap: Oil prices climbed more than 3% on Monday after the U.S. and China settled a 3-month trade dispute, while OPEC appears ready to cut back on output and Canada's Alberta province reduced its production. While crude oil was not part of the trade equation, the tempering trade talks gave rise to hopes of greater demand for oil. Prices also rose as equity markets gained strength. Both WTI and Brent rose more than 5% during the trading session, with January reaching a high of \$53.85 a barrel, while Brent for February delivery topped the session at \$62.59 a barrel. Gains were trimmed, with January WTI tacking on \$2.02, or 3.97%, to settle at \$52.95 a barrel, while February Brent finished at \$61.69 a barrel, up \$2.23, or 3.75%. January gasoline added 2.1% to \$1.431 a gallon, while January heating oil rose 3.2% to \$1.888 a gallon. The December contracts for both products, which expired at Friday's settlement, saw monthly losses of around 18%.

Technical Analysis: WTI extended its gains above the pivotal level of \$50.78, and for the first time since October 9th, settled above the 10-day moving average, which is currently set at \$52.13. From a technical standpoint, we could see this market work toward \$54.48. A settlement above this level allows for a run at the psychological resistance level of \$55.00. Support is set at \$52.13 and below that at \$50.93.

Fundamental News: Russia and Saudi Arabia agreed to extend into 2019 their deal to manage the oil market, although the two countries have yet to confirm any new output cuts. Russia's President, Vladimir Putin, announced the extension after a meeting with Saudi Crown Prince Mohammed bin Salman on Saturday on the sidelines of the G20 summit.

Oman's Energy Minister, Mohammed bin Hamad al-Rumhy, said he believed there was a consensus among OPEC oil producers that oil output should be cut. He added that Oman was ready to join any cuts decided by OPEC and its allies next week.

Qatar's Energy Minister said the country is withdrawing from OPEC as of January 2019. Qatar made the decision after the government reviewed ways to enhance the country's role internationally and plans its long-term strategy. Separately, the UAE said Qatar's decision to leave OPEC was a reflection of the decline of its influence.

OPEC's main advisory board told ministers they need to cut output by 1.3 million bpd from the October 2018 level to bring supply and demand into balance next year.

Alberta Premier Rachel Notley said that the Western Canadian province would mandate short-term oil production cuts to deal with a pipeline bottleneck that has led to an oversupply of crude in storage and driven down Canadian crude prices. The left-leaning New Democratic Party government will force producers to cut output by 8.7% or 325,000 bpd until the excess crude in storage is drawn down. The cuts will then fall to 95,000 bpd until December 31, 2019. According to Russia's Energy Ministry, the country's oil production in November fell by 0.42% on the month to 11.369 million bpd. It is the first monthly decline since the beginning of the year.

China imported its first US crude oil cargo in about two months last week. Chinese buyers have largely avoided US oil during the two countries' trade war, fearing the imposition of tariffs. The US and China agreed over the weekend to stop imposing new tariffs on each other's goods for 90 days.

IIR Energy reported that US oil refiners are expected to shut in 174,000 bpd of capacity in the week ending December 7th, increasing available refining capacity by 1,000 bpd from the previous week. IIR expects offline capacity to fall to 103,000 bpd in the week ending December 14th.

Early Market Call - as of 9:35 AM EDT

WTI - Jan \$53.73, up 78 cents

RBOB - Jan \$1.4671, up 3.57 cents

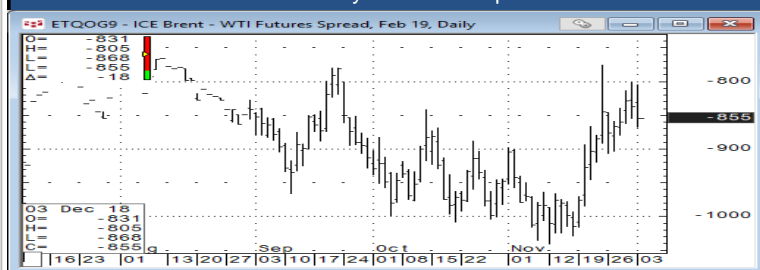
HO - Jan \$1.9265, up 3.95 cents

All NYMEX | Prior Settlements

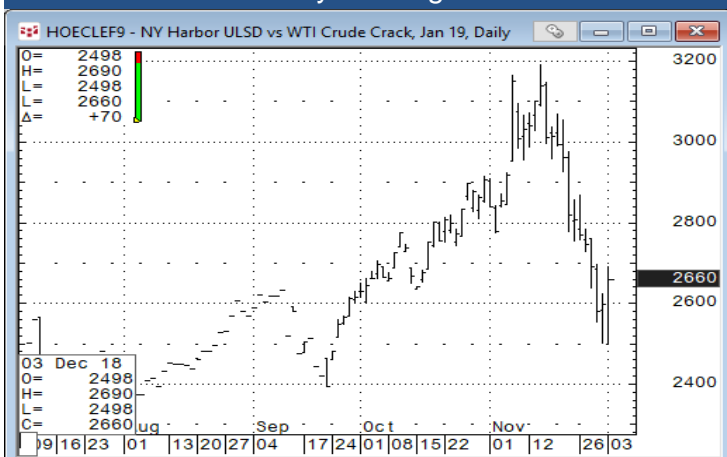
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-19	\$1.8875	\$0.0581	\$0.0003
Feb-19	\$1.8797	\$0.0573	\$0.0009
Mar-19	\$1.8714	\$0.0561	\$0.0006
Apr-19	\$1.8616	\$0.0549	\$0.0019
May-19	\$1.8609	\$0.0530	\$0.0023
Jun-19	\$1.8633	\$0.0508	\$0.0019
Jul-19	\$1.8715	\$0.0500	\$0.0014
Aug-19	\$1.8814	\$0.0499	\$0.0007
Sep-19	\$1.8924	\$0.0504	-\$0.0001
Oct-19	\$1.9020	\$0.0509	-\$0.0010
Nov-19	\$1.9104	\$0.0507	-\$0.0019
Dec-19	\$1.9171	\$0.0504	-\$0.0028
Jan-20	\$1.9225	\$0.0497	-\$0.0027
Feb-20	\$1.9246	\$0.0491	-\$0.0004
Mar-20	\$1.9232	\$0.0480	\$0.0009
Apr-20	\$1.9134	\$0.0469	\$0.0019
May-20	\$1.9107	\$0.0458	\$0.0021

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$53.1400	\$2.0500
Crude - Brent	WTI Spread	\$61.6900	\$2.2300
Natural Gas	\$8.55	\$4.3390	-\$0.2730
Gasoline		\$1.4314	\$0.0295

ICE February Brent-WTI Spread



NYMEX January Heating Oil Crack



NYMEX January RBOB Crack

