

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices slipped on Tuesday, as it appeared evident that traders are ignoring U.S. sanctions against Iran, especially after the U.S. granted exemptions to eight importers of Iranian oil. After gapping lower on the opening, WTI made a feeble attempt to recapture unchanged territory but fell hard, breaking below support set at \$62.20. December WTI fell to a low of \$61.31, the lowest level for a spot contract since June, while January Brent touched down at \$71.18, the lowest level for a spot Brent contract since August. A technical rebound ensued, with both WTI and Brent paring losses. December WTI settle at \$62.21 a barrel, down 89 cents, or 1.41%, and January Brent settling at \$72.13 a barrel, down \$1.04, or 1.42%. December RBOB rose 0.1%, to settle at \$1.694 a gallon, while December heating oil fell 0.4%, to settle at \$2.1883 a gallon.

Technical Analysis

WTI settled below \$62.96, support set by the ascending trend line depicted on a daily spot continuation chart. Although moving oscillators are set low in oversold territory, they do not appear ready to cross to the upside, indicating further downside potential. As long as December WTI remains below \$63.11, bias will remain to the downside. Above this level, additional resistance is set at \$64.00 and \$65.64. Support rests at \$61.31 and \$58.60.

Fundamental News:

The EIA released their latest Short Term Energy Outlook Tuesday. It revised upward its production growth estimate for U.S. crude oil production in 2019 by 140,000 b/d from last month's forecast, calling for production to average 12.06 million b/d. The EIA also raised its oil demand forecast for 2018 by 60,000 b/d to 20.47 million b/d but lowered its demand growth estimate for 2019 by 10,000 b/d to 220,000 b/d demand increase..

Reuters reported that the Iranian government is expected to maintain crude oil exports of at least 1.1 million b/d after the re-imposition of U.S. sanctions. Reuters estimated Iranian exports had fallen to an average of 1 million b/d so far in November. In October Iranian exports were estimated to have averaged 1.5-1.8 million b/d.

S&P Global Platts reported that South Korea would be able to take around 130,000 b/d of crude oil and condensate basis the waiver it was granted.

Reuters reported the U.S. waiver for sanctions on Iran allows China to buy 360,000 b/d of oil from Iran over the next 180 days. The waiver reportedly includes conditions, including requiring the disclosure of counter-parties and settlement methods. According to Chinese customs data, China imported an average 655,000 b/d from Iran in the January-September period.

The Japanese Minister of Economy, Trade and Industry said Tuesday that Japan's refiners are likely to resume imports of Iranian oil now that the nation has received an exemption from U.S. sanctions. The decision for actual purchases though is up to individual companies.

Reuters was reporting that according to trade sources India's sanction waiver for Iranian crude imports for the next 180 days would be for an average of 300,000 b/d. Indian Oil and Mangalore Refining reportedly placed a combined order for 9 million barrels of Iranian oil for December delivery. It was also reporting that India is finishing an agreement with Iran this month that will establish the settlement of all their oil trades will be done in Indian rupees through India's UCO Bank.

Early Market Call - as of 8:25 AM EDT

WTI - Dec \$62.81, up 60 cents
 RBOB - Dec \$1.6979, up 36 points
 HO - Dec \$2.227, up 3.87 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-18	\$2.1883	-\$0.0080	-\$0.0711
Jan-19	\$2.1799	-\$0.0073	-\$0.0775
Feb-19	\$2.1715	-\$0.0074	-\$0.0803
Mar-19	\$2.1625	-\$0.0074	-\$0.0810
Apr-19	\$2.1495	-\$0.0079	-\$0.0831
May-19	\$2.1442	-\$0.0083	-\$0.0829
Jun-19	\$2.1425	-\$0.0088	-\$0.0823
Jul-19	\$2.1486	-\$0.0090	-\$0.0812
Aug-19	\$2.1561	-\$0.0090	-\$0.0801
Sep-19	\$2.1650	-\$0.0085	-\$0.0787
Oct-19	\$2.1731	-\$0.0078	-\$0.0774
Nov-19	\$2.1802	-\$0.0074	-\$0.0760
Dec-19	\$2.1861	-\$0.0072	-\$0.0747
Jan-20	\$2.1893	-\$0.0074	-\$0.0745
Feb-20	\$2.1863	-\$0.0070	-\$0.0730
Mar-20	\$2.1791	-\$0.0068	-\$0.0707
Apr-18	\$2.1683	-\$0.0066	-\$0.0690

Other Front Month NYMEX		Close	Change
Crude - WTI	Jan Brent-	\$62.3400	-\$0.8700
Crude - Brent	WTI Spread	\$72.1300	-\$1.0400
Natural Gas	\$9.79	\$3.5550	-\$0.0120
Gasoline		\$1.6940	\$0.0021

API Weekly Report for the Week Ending November 9, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 7.8 million barrels	Up 2.1/2.4 million barrels
Cushing, OK Crude Stocks	Up 3.1 million barrels	Up 2.0/2.1 million barrels
Gasoline Stocks	Down 1.2 million barrels	Down 2.3/2.6 million
Distillate Stocks	Down 3.6 million barrels	Down 2.6/2.8 million
Refinery Runs	Down 118,000 bpd	Up 0.6%/0.7%

NOAA 8-14 Day Temperature Outlook

NYMEX DEC HEAT CRACK

