

Market Commentary

Recap: Oil futures rose Monday, buoyed after signs of a rebound in manufacturing activity in China as well as the potential for OPEC and its allies to agree on deeper production cuts when they meet later this week. WTI for January delivery gained as much as \$1.50, or 2.7%, to \$56.67 a barrel, while February Brent advanced as much as \$1.60, or 2.6%, to \$62.09 a barrel. Prices eased off session highs, pressured by a drop in equities after data showed U.S. factory activity contracted in November and after U.S. President Donald Trump unexpectedly announced plans to impose tariffs on steel and aluminum from Argentina and Brazil. January WTI tacked on 79 cents, or 1.4%, to settle at \$55.96 a barrel, while February Brent settled at \$60.92 a barrel, up 43 cents, or 0.71%. The heating oil market settled up 75 points at \$1.886, while the RBOB market settled down 1.77 cents at \$1.5733.

Technical Analysis: WTI remained below the lower trend line of the ascending channel that can be depicted on a daily spot continuation chart. This pushed the January contract out of the sideways pattern that formed back in the beginning of November. With moving oscillators pointing to the downside, we would look for continued pressure with an attempt for WTI to test the \$54.00 level to the downside and below \$54.00, additional support is set at \$53.10. Resistance is set at \$57.06-\$57.13, the 10 and 50-day moving averages, and above that at \$58.74.

Fundamental News: US oil producers could increase their daily output by 1 million barrels next year, or by as little as 100,000 barrels, with the large difference creating uncertainty as OPEC officials gather later this week to consider their output policy. The outlook for 2020 comes with growing skepticism from those inside the industry and should growth fall short, it could shift the balance of power in world supply back to OPEC. The IEA said an increase in US crude output by 1 million bpd would satisfy nearly all of the 1.2 million bpd increase in world demand next year. That would keep a lid on prices, pressure on OPEC to extend production cuts, and leave shale producers still trying to achieve profits. As a result, most industry executives and consultants said they expect slower US shale growth. The cuts, however, have only slowed US crude production gains, not halted them. Energy researchers IHS Markit and Wood Mackenzie separately put gains at 440,000 to 450,000 bpd while Goldman Sachs estimated a gain of 600,000 bpd.

According to two sources, OPEC and its allies plan to deepen oil cuts and have the deal in place so it runs at least until June 2020 as Saudi Arabia wants to deliver a positive surprise to the market before the listing of Saudi Aramco. The deal being discussed by OPEC and non-OPEC producers would be to add at least 400,000 bpd to existing cuts of 1.2 million bpd or 1.2% of global supply. The current deal ends in March.

Russia's Energy Ministry reported that the country's oil output increased to 11.244 million bpd in November, producing more than the agreed amount under a deal with OPEC and other producers. Russia agreed to reduce its output by 228,000 bpd to about 11.18 million bpd in 2019 as part of cuts by OPEC and non-OPEC producers, which agreed to cut a total of 1.2 million bpd or 1.2% of global demand. OPEC and non-OPEC producers are meeting in Vienna on Thursday and Friday.

IIR Energy reported that US oil refiners are expected to shut in 559,000 bpd of capacity in the week ending December 6th, increasing available refining capacity by 141,000 bpd from the previous week. Offline capacity is expected to fall further to 234,000 bpd the following week.

Iran's Vice President, Eshaq Jahangiri, said Iran is still selling its oil despite US sanctions on Iran's exports, adding that the US "maximum pressure" on Iran had failed. He said "they have failed to bring our oil exports to zero as planned."

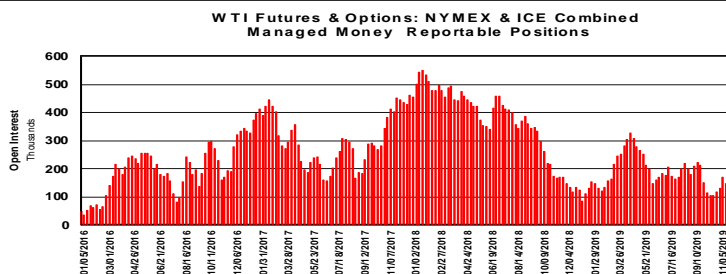
Early Market Call - as of 9:45 AM EDT

WTI - Jan \$55.73, down 23 cents
 RBOB - Jan \$1.5613, down 1.18 cents
 HO - Jan \$1.8746, down 1.12 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-20	1.8836	0.0051	0.0587
Feb-20	1.8742	-0.0019	0.0794
Mar-20	1.8589	-0.0070	0.0687
Apr-20	1.8474	-0.0026	0.0635
May-20	1.8400	0.0025	0.0579
Jun-20	1.8379	0.0087	0.0516
Jul-20	1.8371	0.0107	0.0493
Aug-20	1.8377	0.0128	0.0472
Sep-20	1.8387	0.0136	0.0464
Oct-20	1.8401	0.0140	0.0462
Nov-20	1.8407	0.0132	0.0472
Dec-20	1.8421	0.0134	0.0470
Jan-21	1.8369	0.0069	0.0530
Feb-21	1.8264	0.0018	0.0573
Mar-21	1.8098	-0.0044	0.0626
Apr-21	1.7986	0.0010	0.0561
May-21	1.7933	0.0070	0.0494

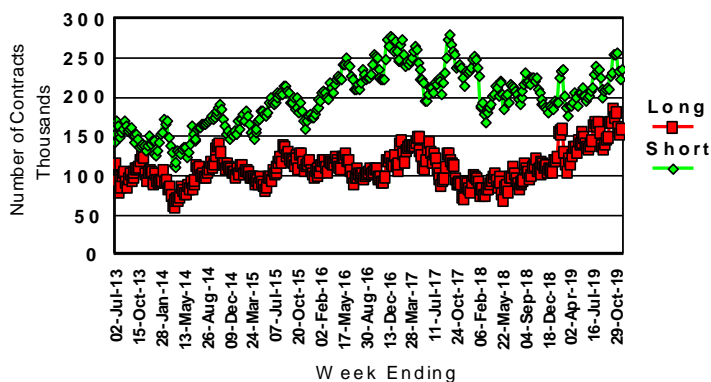
Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$55.9600	\$0.7900
Crude - Brent	WTI Spread	\$60.9200	\$0.4300
Natural Gas	\$4.96	\$2.3290	\$0.0480
Gasoline		\$1.5733	-\$0.0177



Commitment of Traders Report for the Week Ending November 26, 2019

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

