

Market Commentary

Recap: Oil futures made an attempt to trade to the downside, but reversed course after OPEC members reached a consensus on the need to extend production cuts for the first quarter of 2021 if their allies also consent to such a move. OPEC members believe that such an extension will provide the necessary support to the market at a time when demand is still weaker than originally expected due to the COVID-19 related lockdowns. January WTI pushed back above \$45 a barrel, to finish the session at \$45.34, down 19 cents, or 0.42%, while January Brent fell 59 cents, or 0.42%, to settle at \$47.59 a barrel. December RBOB slipped 3.31 cents, to go off the board at 1.3489 a gallon, while January, the new spot month lost 2.44 cents, to settle at \$1.2416 a gallon. December heating oil lost 2.46 cents, to settle at 1.3559 a gallon, with January heating oil losing 1.35 cents, to settle at 1.3714 a gallon.

Technical Analysis: WTI found support above the \$45 level, gaining as trader confidence in OPEC's ability to prop up prices increases. At this current time, it appears that the market has found a bit of support, but this could prove to be short lived euphoria. The coronavirus is still not under control and the vaccine has yet to be rolled out, so demand is still quite a bit away from being restored. Although this market has the ability to work higher, it can only go so far. Resistance is set at \$46.30 and above that at \$47.30. Support is seen at \$44.68 and below that at \$43.70.

Fundamental News: The EIA reported that U.S. oil production in September increased by 286,000 bpd to 10.86 million bpd. Oil production in August was revised down by 5,000 bpd to 10.574 million bpd. U.S. crude oil exports fell to 3.238 million bpd in September, down from 3.298 million bpd in August. Total refined oil product exports fell to 2.723 million bpd in September, with distillate exports falling to 1.177 million bpd in September from 1.337 million bpd in August and gasoline exports increasing to 782,000 bpd in September from 764,000 bpd in August. The EIA also reported that total oil demand in September fell by 9.5% or 1.914 million bpd on the year to 18.307 million bpd. U.S. distillates demand in September fell by 2.5% or 97,000 bpd to 3.818 million bpd and gasoline demand fell by 6.8% or 624,000 bpd to 8.545 million bpd.

Algeria's Energy Minister, Abdelmadjid Attar, said OPEC members reached a consensus on the need to extend existing production cuts of 7.7 million bpd for three months from January and will work to convince their allies in the wider OPEC+ group to support such a move. He was speaking before OPEC ministers began talks to discuss their output policy. OPEC+ members were considering whether to extend existing oil cuts for three to four months or to gradually increase output from January during their two days of talks starting on Monday. Officials from the Organization of the Petroleum Exporting Countries, Russia and others, a group known as OPEC+, held an initial round of talks on Sunday before formal discussions began but have yet to agree output policy for 2021. OPEC+, a group comprising members of the Organization of the Petroleum Exporting Countries, plus Russia and others, had been due to ease production cuts from January 2021, but a second coronavirus wave has reduced demand for fuel around the world. Preliminary consultations on Sunday between the key ministers, including from OPEC's leader Saudi Arabia and Russia, had not reached a compromise on the duration of the rollover. Later on Monday, sources stated that OPEC and allies led by Russia postponed talks on oil output policy for 2021 to Thursday. They had been scheduled to hold a meeting on Tuesday.

IIR Energy reported that U.S. oil refiners are expected to shut in 3.4 million bpd of capacity in the week ending December 4th, increasing available refining capacity by about 341,000 bpd from the previous week. Offline capacity is expected to fall to 3.2 million bpd in the week ending December 11th.

Early Market Call - as of 9:00 AM EDT

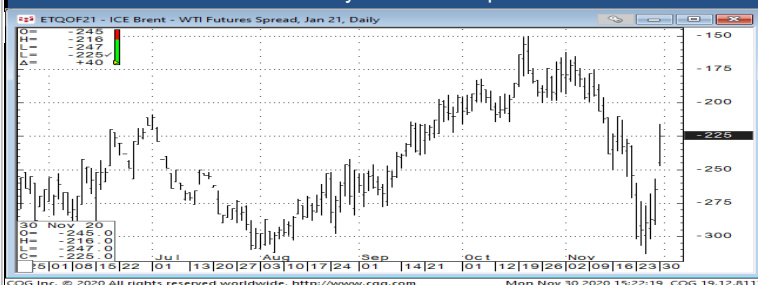
WTI - Jan \$45.21, down 14 cents
 RBOB - Jan \$1.2368, down 48 points
 HO - Jan \$1.3723, up 9 points

All NYMEX | Prior Settlements

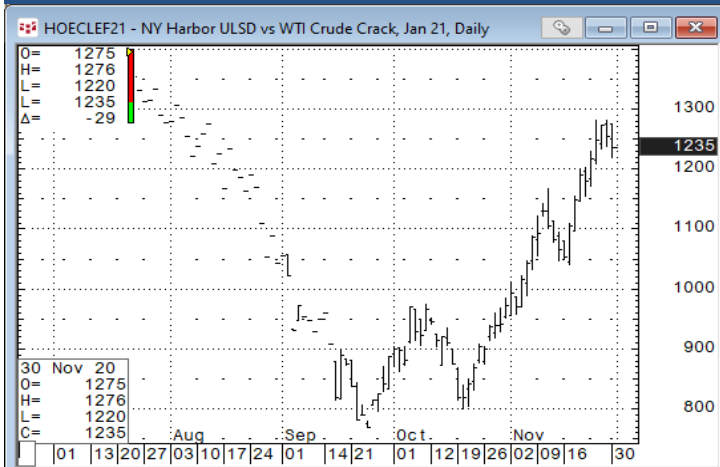
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-20	1.3559	-0.0246	-0.0454
Jan-21	1.3714	-0.0135	-0.0556
Feb-21	1.3788	-0.0132	-0.0557
Mar-21	1.3859	-0.0130	-0.0563
Apr-21	1.3895	-0.0124	-0.0565
May-21	1.3941	-0.0112	-0.0558
Jun-21	1.3999	-0.0098	-0.0549
Jul-21	1.4074	-0.0084	-0.0537
Aug-21	1.4156	-0.0074	-0.0528
Sep-21	1.4244	-0.0068	-0.0518
Oct-21	1.4334	-0.0063	-0.0509
Nov-21	1.4414	-0.0058	-0.0503
Dec-21	1.4473	-0.0052	-0.0498
Jan-22	1.4550	-0.0048	-0.0490
Feb-22	1.4590	-0.0046	-0.0484
Mar-22	1.4588	-0.0046	-0.0474
Apr-22	1.4538	-0.0051	-0.0447

		Close	Change
Crude - WTI	Jan Brent-	\$45.3400	-\$0.1900
Crude - Brent	WTI Spread	\$47.5900	-\$0.5900
Natural Gas	\$2.25	\$2.8820	\$0.0390
Gasoline		\$1.2489	-\$0.0331

ICE January Brent-WTI Spread



January Heating Oil Crack Spread



January RBOB Crack Spread

