

Market Commentary

Recap: The oil market ended the session higher on Monday but continued to trade within last Tuesday's trading range after OPEC+ decided to increase its oil output by 137,000 bpd in December and to hold off production increases in the first quarter of next year, easing fears of an oversupply. The market gapped slightly higher from \$61.38 to \$61.40, which it quickly backfilled, before it traded to a high of \$61.50. However, the market gave up some of its gains and sold off to a low of \$60.51 by mid-morning amid some weak factory data in Asia. The crude market later bounced off its low and traded back towards its high before it settled in a sideways trading range during the remainder of the session. The December WTI contract settled up 7 cents at \$61.05 and the January Brent contract settled up 12 cents at \$64.89. The product markets ended the session in negative territory, with the heating oil market settling down 2.59 cents at \$2.4053 and the RB market settling down 77 points at \$1.9161.

Technical Analysis: The oil market is seen remaining within its recent range from \$59.60 to \$62.60 as its daily stochastics are trending sideways. The market's concerns over an oversupplied market seemed to have been offset by OPEC's decision to pause its output increases after the end of the year. However, Russia remains a wildcard following U.S. sanctions on Russia's Lukoil and Rosneft. The oil market is seen finding resistance at \$61.50, \$62.17, \$62.59 and \$62.80. Meanwhile, support is seen at \$60.51, \$59.99, \$59.64 followed by \$59.28 and \$57.34.

Fundamental News: On Sunday, OPEC+ agreed on a small oil output increase for December and a pause in increases in the first quarter of next year as the producers' group moderates plans to regain market share due to increasing fears of a supply glut. The eight OPEC+ members taking part in the group's monthly meeting, Saudi Arabia, Russia, the United Arab Emirates, Iraq, Kuwait, Oman, Kazakhstan and Algeria, agreed to increase December output targets by 137,000 bpd, the same as for October and November.

The U.S. Department of Energy's Deputy Secretary, James Danly, said that he does not think there will be an oil glut in 2026. Speaking at the ADIPEC energy conference in Abu Dhabi, he said "We have a demand signal for energy that is going up rapidly." The U.S. Department of Energy's Deputy Secretary also said that the impact of Russian sanctions will not be felt drastically by allies and friends. He said that it is difficult to predict the effects of the sanctions.

The heads of some of Europe's biggest energy producers also challenged forecasts of an oil supply glut next year, pointing to increasing demand and easing production. Speaking at the ADIPEC energy conference in Abu Dhabi Eni CEO, Claudio Descalzi, said "I don't think we can have an excess of supply in 2026." TotalEnergies CEO, Patrick Pouyanné, said annual oil demand growth was increasing steadily at around 1%. He added that while China's demand growth has halved compared to five years ago, India is emerging as a new driver in demand. Murray Auchincloss, BP's CEO, said oil supply growth outside OPEC+ could decline by April. He said prices, which have fallen by about 13% so far this year, would depend on OPEC+ production decisions, Chinese stockpiling and the impact of trade sanctions. He added that the industry has to expand in countries such as Abu Dhabi, Iraq and Libya to keep up with demand growth.

OPEC Secretary-General, Haitham Al Ghais, said that the group was still seeing positive signs for oil demand and did not expect any surprises in the market. He said "We are making sure we maintain the supply demand balance."

United Arab Emirates Energy Minister, Suhail Mohamed al-Mazrouei, when asked about the possibility of an oil glut in 2026, said that all current observations indicate strong demand in the year ahead, speaking at the ADIPEC energy conference.

Early Market Call - as of 8:35 AM EDT

WTI - Dec \$60.08, down 94 cents

RB0B - Dec \$1.8920, down 2.42 cents

HO - Dec \$2.3911, down 1.51 cents

All NYMEX | Prior Settlements

	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-25	2.4053	0.0067	-0.0046
Jan-26	2.3755	0.0049	-0.0064
Feb-26	2.3503	0.0047	-0.0046
Mar-26	2.3128	0.0040	-0.0043
Apr-26	2.2679	0.0035	-0.0049
May-26	2.235	0.0035	-0.0043
Jun-26	2.2135	0.0037	-0.0037
Jul-26	2.2072	0.0043	-0.0025
Aug-26	2.2053	0.0050	-0.0012
Sep-26	2.2076	0.0056	0.0000
Oct-26	2.2110	0.0060	0.0009
Nov-26	2.2118	0.0062	0.0019
Dec-26	2.2106	0.0065	0.0030
Jan-27	2.2126	0.0065	0.0036
Feb-27	2.2112	0.0064	0.0044
Mar-27	2.2041	0.0063	0.0054
Apr-27	2.191	0.0062	0.0067

Sprague HeatCurve October 2026-April 2027

	Close	Change
Crude - WTI	\$60.7500	\$0.1500
Crude - Brent	\$64.8900	\$0.1200
Natural Gas	\$4.2660	\$0.1420
Gasoline	\$1.9161	-\$0.0077

ICE January Brent-WTI Spread



December Heating Oil Crack Spread



December RBOB Crack Spread

