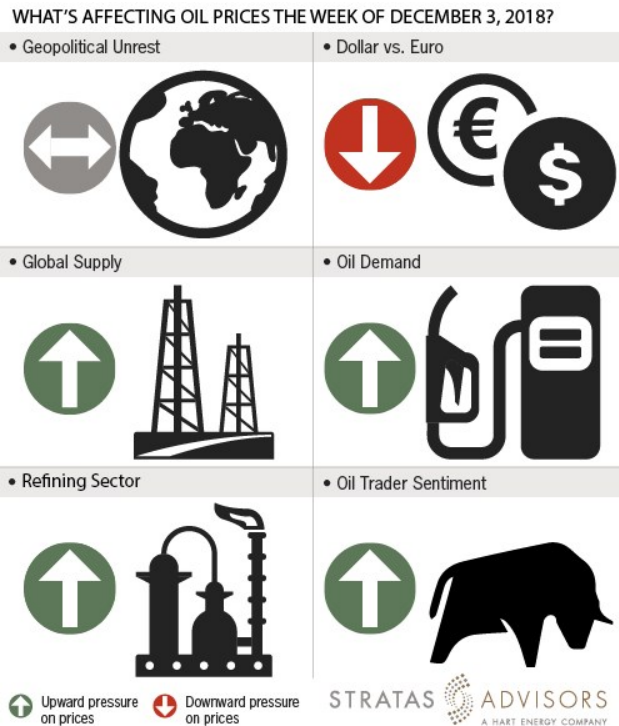


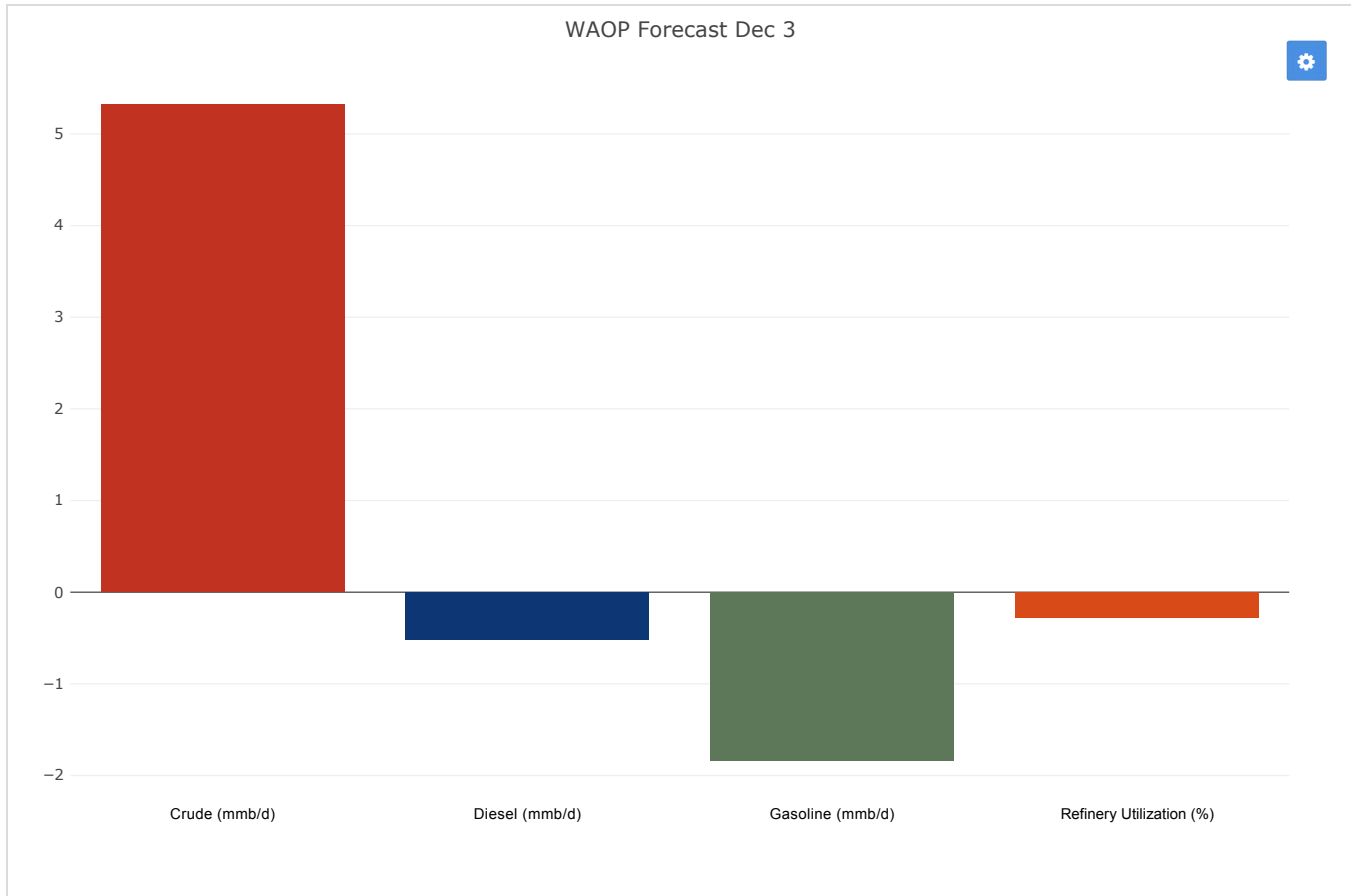
What's Affecting Oil Prices the Week of December 3, 2018?



It was a busy weekend for market-moving news, and it's shaping up to be an even busier week. Brent fell \$3.31/bbl last week to average \$59.53/bbl. WTI fell \$2.64/bbl to average \$51.17/bbl. Oil prices rebounded over the weekend after the news that President Trump and President Xi Jinping came to an agreement to hold off on increasing tariffs on \$200 billion of Chinese goods from 10% to 25% on January 1. The agreement provides 90 days for both sides to come to an agreement on trade and intellectual property rights. As of Sunday, Brent had risen above \$62/bbl. For the week ahead, we expect prices to average \$65/bbl with upside possible based on the outcome of the OPEC meeting.

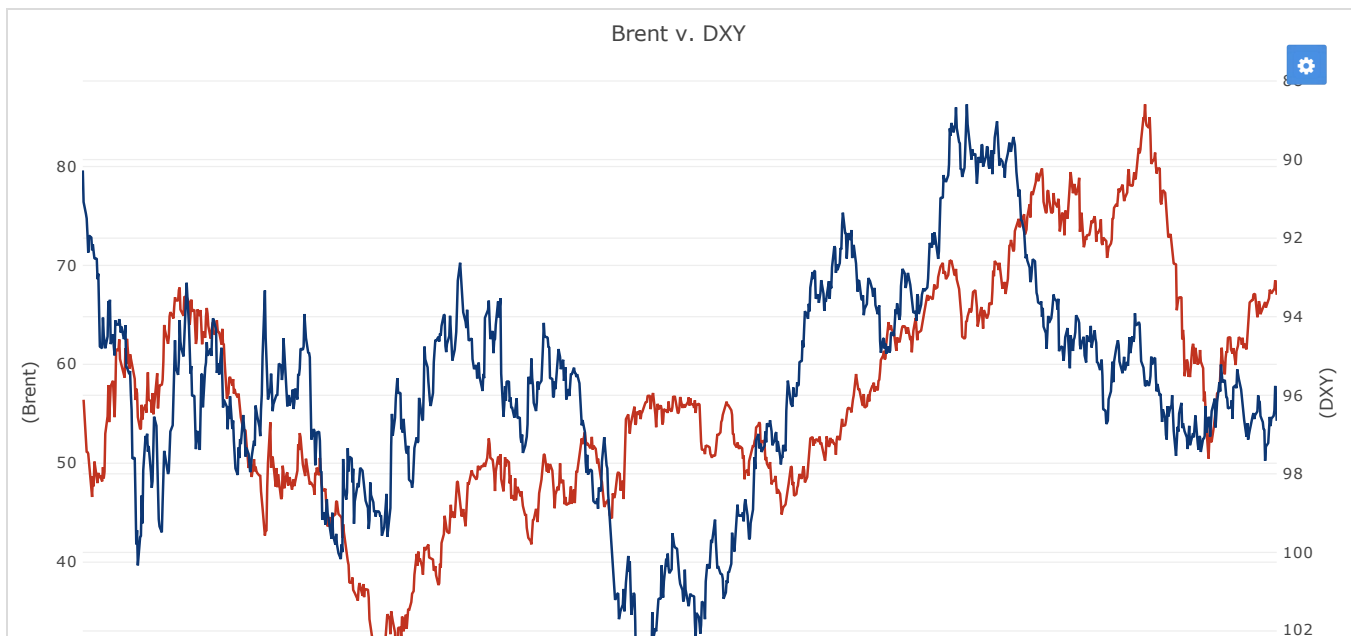
OPEC is scheduled to meet on Thursday to discuss the current state of oil markets and a possible extension of the current production agreement. Consensus appears to be building for a production cut. However, what form this will actually take remains to be seen. At the June meeting, Saudi Arabia declared it would add nearly a million barrels back to markets by ceasing to over-comply with the current production agreement. Although Saudi Arabia did reduce over-compliance, it took several months. OPEC may decide to reduce production, or could instead choose to focus on reducing over-compliance from those countries that are still producing less than their quotas. After this week's meeting, OPEC will be one country less, with Qatar announcing on Monday that it would be leaving the organization in order to focus on its natural gas

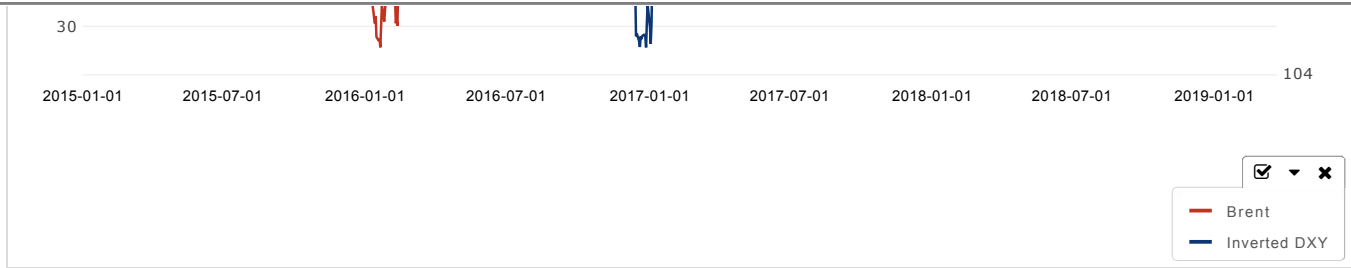
production.



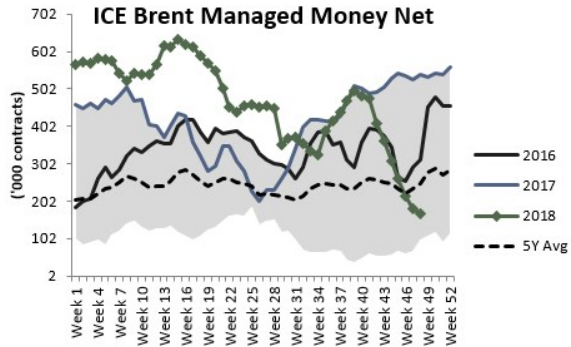
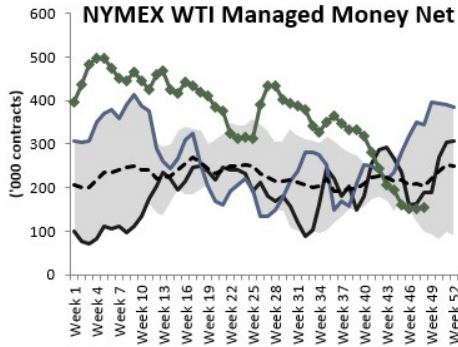
Geopolitical – Neutral

Dollar - Negative

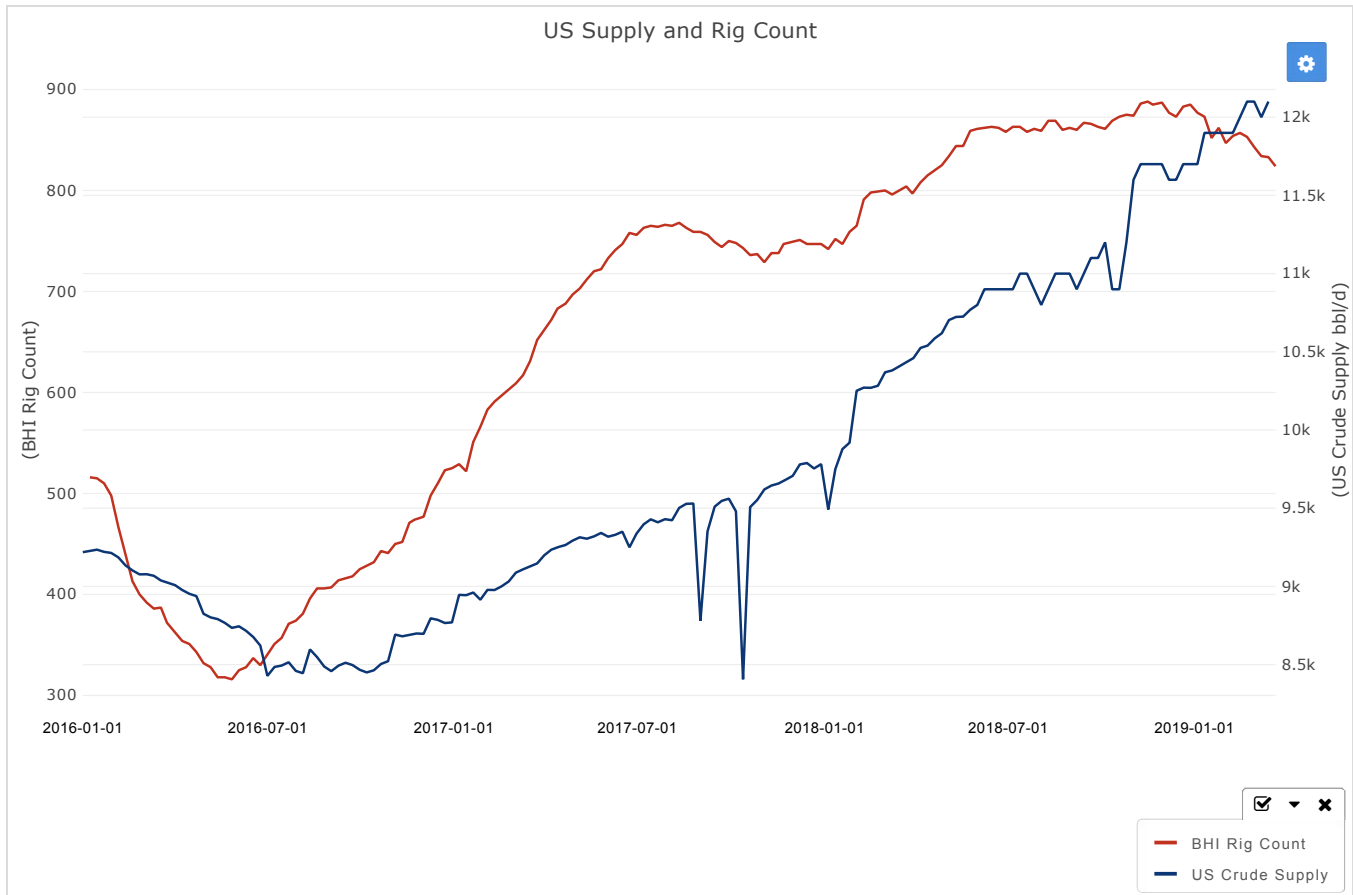




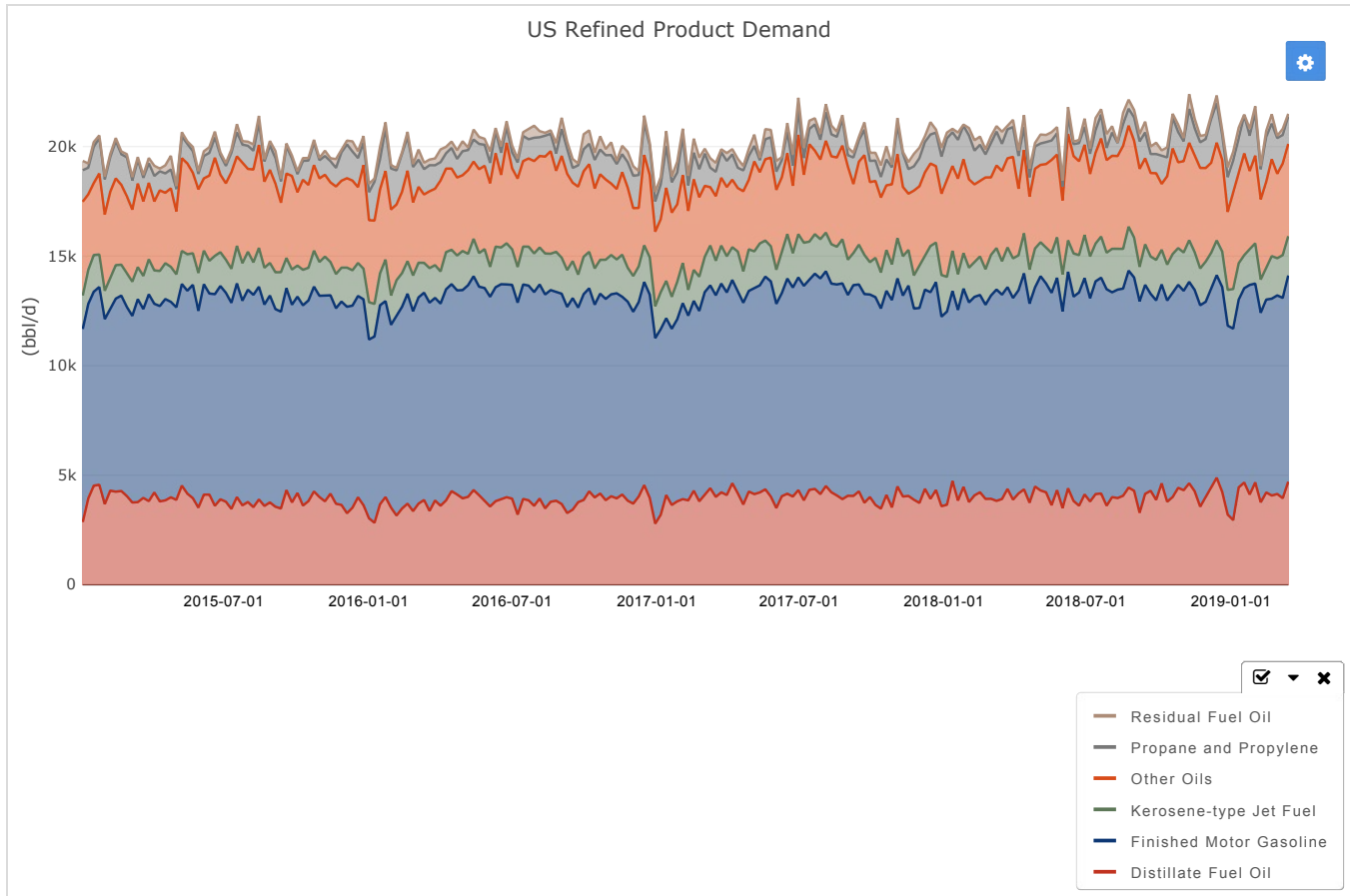
Trader Sentiment – Positive



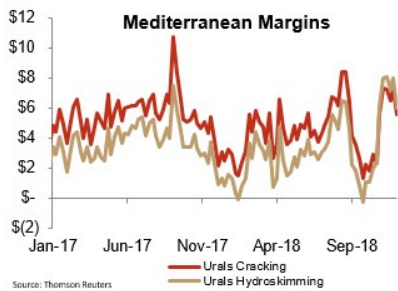
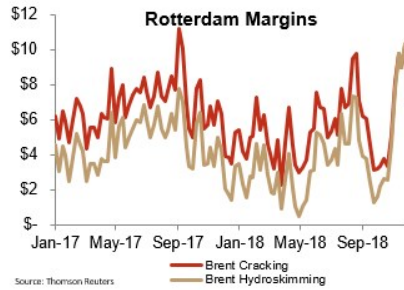
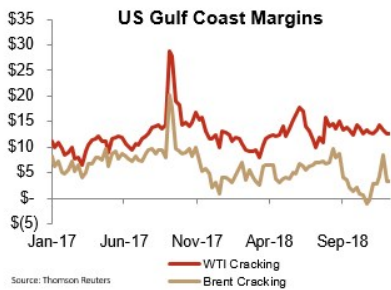
Supply – Positive



Demand – Positive



Refining Margins - Positive



How We Did

