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CHS AM Energy Update

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Today's Market News

- **China Oil Demand:** After buying millions of barrels of oil in April after prices collapsed, reports show China is back to the market as a strong buyer in recent weeks, as the country is reported to be returning to pre-Covid economic recovery faster than other countries.
- **U.S. Diesel Stocks:** Distillate supplies across the U.S are being consumed rapidly, to the point that refiners can't keep up with demand. In the Midwest, pipeline inventory on #2 diesel is limited, and said to be at or below 5 year lows. Because of this, pipelines have their terminal/shipper allocations by supplier in place, these are on top of each shipper/supplier's own allocation programs to their customers. Short supply is triggering strength to the Group diesel basis. Supply is also being affected in the Rockies and PNW, where diesel continues to be hard to come by. In all these areas, the combination of reduced refinery rates, unplanned refinery issues, extremely strong harvest demand, not to mention warmer weather allowing for extended harvest in many areas where it would normally be too cold, have all contributed in rapidly reducing inventories across much of the nation.
- **Market Opinion:** Oil markets are starting the day slightly higher as the week comes to a close with continued optimism on the possibility of an effective Covid vaccine. Looking to next week, a short holiday week, trading is expected to be muted as analysts await the upcoming OPEC+ meeting on November 30th and December 1st.
****Please note: Tuesday, November 24th is the last day to purchase December contracts.**

Energy Highlights - Please call your account manager for larger chart.



WTI Daily Chart

Through the week, oil prices rose but very minimally. Increased Covid cases and anticipated increased city shut-downs across the U.S., and speculation of what OPEC may do at their next meeting, were at the forefront of news stories. Currently the first level of support is the 10 day MA of \$40.78 and the 2nd being the 100 day moving average of \$40.50. 1st level of resistance is \$42.46, with the 2nd level at the August high of \$43.78.

Contract		NYMEX as of 7:55 AM		Support	Resistance
DEC RBOB	↑	0.0140 @	1.1765	1.1185	1.2071
DEC HO	↑	0.014 @	1.2835	1.2195	1.3054
DEC Crude	↑	.24 @	41.98	40.50	43.78