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ENERGY MARKET REPORT FOR NOVEMBER 29, 2011

Iran's OPEC Governor, Mohammad Ali Khatibi said Iran does not expect OPEC to increase its output ceiling when it meets on December 14th.

The EIA reported that working crude oil storage capacity at Cushing, Oklahoma was 7 million barrels higher at the end of September than at the end of March at 55.008 million barrels. It said working storage capacity at Cushing increased 14.6% at the end of September from March. The EIA said net available shell storage capacity at Cushing was 66.487 million barrels at the end of September, up 14.9% or 8.628 million barrels from the end of March. In the week ending November 18th, crude stocks at Cushing stood at 32.016 million barrels, down 4.8% from a year ago.

The EIA reported that US oil demand in September fell by 3.31% on the year to 18.795 million bpd. It is down from a previous estimate of 18.972 million bpd. Gasoline demand in September fell by 3.94% on the year to 8.753 million bpd, down from a previous estimate of 8.912 million bpd while distillate demand increased by 1.11% on the year to 3.929 million bpd, up from a previous estimate of 3.869 million bpd.

According to a SpendingPulse report released by MasterCard Advisors, US weekly gasoline demand increased by 3% on the week to 8.971 million bpd in the week ending November 25th. Gasoline demand was 3.8% or 359,000 bpd below a year ago. In the latest four weeks, demand averaged 8.785 million bpd, down 4.1% or 374,000 bpd on the year. It reported that gasoline prices fell 6 cents to \$3.34/gallon, the lowest level since February 25th.

API Stocks

Crude – up 3.439 million barrels
Distillate – up 1.347 million barrels
Gasoline – down 173,000 barrels
Refinery runs – up 0.5%, at 83.5%

Market Watch

US single family home prices fell in September. The S&P/Case Shiller composite index of 20 metropolitan areas fell 0.6% from August on a seasonally adjusted basis. Prices in August were revised to show a decline of 0.3% after originally being reported as unchanged.

The Conference Board's US consumer confidence index increased in November to 56 from an upwardly revised 40.9 in October. Its present situation index in November increased to 38.3 from 27.1 in October and its expectations index increased to 67.8 in November from 50 in October.

Atlanta Fed President Dennis Lockhart said he is doubtful that more bond buying would help accelerate the slow economic recovery.

A PIMCO fund manager said oil prices will likely spike to \$140/barrel or more if Israel attacked Iran. The impact of military action would depend not only on the duration and severity of the supply disruption but also on the degree of surprise.

Morgan Stanley resumed gasoline trading operations in the Middle East following a 12 month absence from the market. It recently leased 380,000 barrels of storage at the UAE port of Jebel Ali.

Britain's Foreign Secretary William Hague said the whereabouts of staff after protesters stormed the British embassy in Tehran was confusing at times. However he contradicted reports that six embassy staff members were briefly held hostage. Separately, a British government source said no hostages were taken and said confusion had arisen because Iranian police had told some embassy staff to stay where they were during the protest.

November Calendar Averages CL - \$96.97 HO - \$3.0647 RB - \$2.5842
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Refinery News

PBF Energy said it is making progress in restarting units at its 190,000 bpd refinery in Delaware City, Delaware following a weekend power outage. There is no timeframe on how long it would take to bring the refinery back to planned rates.

Total Petrochemicals reported that unit 890 shutdown at its 232,000 bpd Port Arthur, Texas refinery.

Operations at Irving Oil's Saint John refinery in New Brunswick, Canada returned to normal following extensive turnaround maintenance that started in early September.

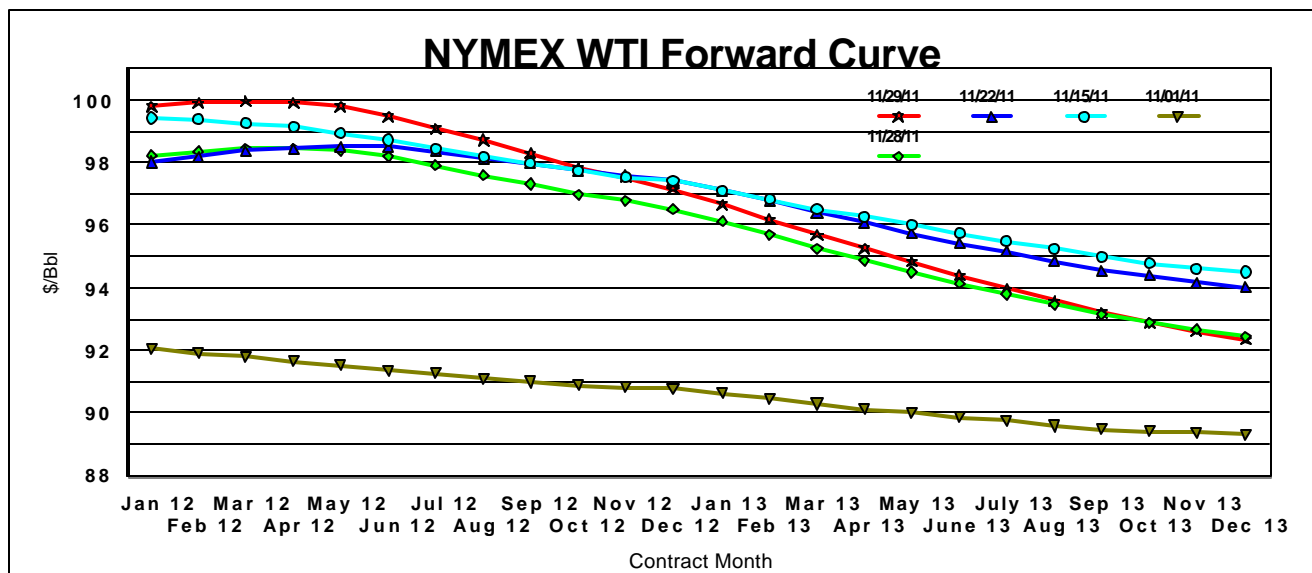
Suncor Energy Inc said it was working to clean up a potential spill in a creek near its refinery in Commerce City, Colorado. Suncor and an official with the Colorado Department of Public Health said it is not yet certain what the oily substance is, how much of it has been released or whether it actually came from Suncor's 93,000 bpd refinery nearby.

Japan's JX Nippon Oil & Energy Corp is expected to process 5.9 million kiloliters or 1.2 million bpd of crude in December, down 8% on the year.

Japan's Ministry of Finance reported that the country's oil imports in October increased by 1.1% to 16,747 million kiloliters.

Production News

Mexico's three main oil exporting ports remained closed on Monday morning after it was shut on Sunday due to bad weather conditions. The port of Dos Bocas and Cayo Arcas were initially closed on Sunday morning while the port of Coatzacoalcos was shut later that afternoon.



According to a provisional loading program, Nigeria is expected to export less crude in January than in December. Nigeria plans to ship 1.99 million bpd in January, down from 2.18 million bpd originally scheduled for December.

The UAE's Abu Dhabi National Oil Co said that supply of its Murban crude bound for Asia in January will remain unchanged on the month. It announced supplies to Asian customers at 5% below contracted volumes, unchanged from December. It said it will ship 5% less than the contracted volumes of its Umm Shaif and 3% less for Upper Zakum grades.

Royal Dutch Shell plans to increase its output from its Parque das Conchas fields in Brazil in the coming years by 30,000 to 40,000 bpd from its current output of 100,000 bpd.

According to a Reuters survey, OPEC's oil production in November is expected to average 30.27 million bpd, up from a revised 29.81 million bpd in October.

Market Commentary

The oil market traded in positive territory as it retraced Monday's losses. The market bounced off a low of \$97.23 in overnight trading as it failed to test its previous low of \$97.13. It continued to trade higher in morning trading following a supportive consumer confidence report. The Conference Board's US consumer confidence index increased in November to 56 from an upwardly revised 40.9 in October. The market was also well supported by escalating tension in Iran as protesters stormed into the British embassy in Tehran during a rally to protest against sanctions imposed by Britain. The market rallied to a high of \$100.15 in afternoon trading before giving up some gains ahead of the close. The market, which failed to find the momentum to trade out of its previous range, settled up \$1.58 at \$99.79. The oil market will likely retrace some of its gains ahead of the release of the EIA's weekly petroleum stock report which is expected to show a build in crude stocks. The market however will remain influenced by various news reports regarding the global economy. The market is seen finding resistance at its high of \$100.15, \$100.74, \$103.37 and \$107.53. Support is seen at its low of \$97.13, \$94.99 and \$92.51.

Crude Oil		Heating Oil (Jan)		Rbob (Jan)	
Support	Resistance	Support	Resistance	Support	Resistance
9713	10074	29709	30464	25040	25642
9499	10337	29288	30622	24988	25681
9251	10753	28800	30937	24734	25939
8916		26850	31956	24516	26283
8581				24480	263.59
				23803	
50-day MA	90.03		2.9795		2.5905
100-day MA	90.66		3.0161		2.6726
200-day MA	97.20		3.0764		2.7323