

AFTER OPEC DECISION, NOW WHAT?

- TOP HEADLINES:**
- The next worry for stocks: shrinking profits
 - Oil slips in line with bearish equities
 - Deep losses leave Big Tech with small earnings multiples

MarketUpdate	Month	Last Close	Change	S/T Bias	Viewpoint
WTI Crude Oil	January	51.96	-0.65	Neutral	After big sell-off, is there more downside?
Brent Crude Oil	February	61.12	-0.56	Neutral	OPEC on the spot to reduce output
RBOB Gasoline	January	1.4657	-.0034	Neutral	Seasonal price downturn underway
ULSD Heating Oil	January	1.8756	-.0107	Neutral	Diesel demand strong on robust global economy
Natural Gas	January	4.491	.001	Neutral	Volatility is the watchword

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US ECONOMIC EVENTS TO WATCH THIS WEEK

Monday 12/10

- GDP (JPN, UK)
- Trade Data (GER, UK)
- JOLTs (USA)

Tuesday 12/11

- New Loans (CHN)
- PPI (USA)

Wednesday 12/12

- Industrial Production (EUR)
- CPI (USA)
- EIA Petroleum (USA)

Thursday 12/13

- CPI (GER)
- IEA Report (EUR)
- ECB Decision (EUR)
- Jobless Claims (USA)
- Natural Gas (USA)
- Industrial Production (CHN)

Friday 12/14

- B-H Rig Count (USA)

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[Full Weekly Economic Calendar Overview \(Bloomberg\)](#)

Global Macroeconomic

Equity futures are mixed, after another volatile week, last week. Brexit is, once gain, front-and-center, a big vote in parliament is set to be postponed, and what comes next is anyone's guess. The whole thing could be called off, but a no-deal Brexit is also a possibility. There continues to be mixed reports about the U.S. economy. There may be an issue with the holiday shopping season for retailers. If they don't kill it this year, they never will again. Friday's employment data was sufficiently strong, but not too strong, which is giving the Fed cover to pause its interest rate hiking cycle.

Petroleum Complex Fundamentals

Oil prices got some support on Friday from the decision by OPEC and Russia to cut production by about 1.2 million bpd. It was hard fought accord that nearly went off the rails several times. Iran got an exemption from the cuts, along with the Libya. Beyond that, there has been other bullish news, including another supply outage in Libya and the forced cutback by the Alberta province. Still, prices are modestly lower this morning, as concerns over demand growth mount. The bullish news is not carrying the day, however. Be careful.

Technical Analysis: WTI Crude Oil

Oil prices attempted a rebound, last week, but prices kept getting pulled lower at the same time. The price action, of late, has been range bound, with key support holding up at \$50.00 and resistance emerging at \$54.00. The sideways action comes on the heels of a marked sell-off, and it stands, for now, as a pause that refreshes the bears. It can be seen either as a rectangle or arguably a diamond formation, both of which auger for more losses. The key downside level to break s \$50.00. Play for more losses..

Natural Gas Fundamentals

Natural gas prices have posted a twenty-cent range in overnight trading, as cold weather to start this week will give way to milder conditions over the upcoming weekend. December is looking to be warmer-than-expected, according to the latest weather runs. That is keeping a lid on prices, even though the storage situation remains supportive. Friday's storage report showed a withdrawal of 63 Bcf of gas was withdrawn, and the deficit to last year and the five-year average remained near 20%. Keep playing small from the long side.

Technical Analysis: Natural Gas

The chart presents with a discernible wedge pattern, highlighted by a series of lower highs and higher lows. The daily price action has quieted somewhat, which also serves to create the wedge. The wide-range has narrowed from \$3.90 - \$4.90 to \$4.20 - \$4.70. Given that the wedge comes on the heels of the big rally, the bias remains a bullish one. Still, even with the daily range narrowing, somewhat, it remains wide. In other words, it has gone from ultra-wide to merely wide. Be careful, but there may a looming upside breakout.