



Market Outlook

The reason for the market finishing in the red yesterday after spending a good chunk of the day in the black is helping to keep pressure on the energy complex once again this morning. The dollar continues to post gains against a basket of currencies and is currently at a level not seen since the first few days of September. To no one's surprise, OPEC

decided today to keep production targets unchanged for a fourth time this year. This news is really having no impact on the market

as it was already priced in previously.

Look for the markets to now change focus from the OPEC meeting to tomorrow's DOE report. With draws predicted for crude and distillates we may see the bulls try to buy back into this market today, although they will have to fight the stronger

dollar to do so. Look for the dollar to remain the key driver overall and if it can keep its recent strength, \$70 is the target.

Market Fundamentals

OPEC: As expected OPEC's decision at its meeting in Angola is to keep current production quotas unchanged. This is the fourth time this year that they have met and decided to not increase oil output. Current production quotas sit at 24.845

million bpd but it is widely known that with the rise in the price of crude some countries have "cheated" on their quotas. Once again the cartel said they will strive for better compliance to keep prices at current levels.

Inventories: Estimates for tomorrow's DOE report are calling for a crude draw of 1.6 million bbls, a draw on distillates of 2.1 million bbls and for gas to see a build of 1.2 million bbls. Utilization is expected to increase 0.4%

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