



Tuesday, December 06, 2016

Today's Market News

- Dakota Access Pipeline:** Even though the U.S. Army Corps of Engineers halted construction on the site over the weekend, pipeline officials are assured the segment will be finished. DAPL is not proposing a re-route and expect President-elect Trump to weigh in to support resuming the construction. In other N.D pipeline news from late Monday, there was a report of a pipeline leak near Theodore Roosevelt Nation Park in west central North Dakota. The extent of the spill and owner of the pipe segment is unknown.
- Crude production:** OPEC hit a record production level in November at 34.19 million barrels per day. At the Nov 30th meeting in Vienna, OPEC agreed to cut production for the first time since 2008. The reduction to 32.50 million bpd is set to begin Jan 1st. However, a survey of 260 energy analysts shows that most believe that OPEC will only achieve a portion of the agreed upon cuts and production will hover around 33 million bpd in 2017.
- Automobile production:** Carmakers are predicting a significant shift to electric vehicles as battery technologies are making better batteries a reality. However, oil analysts believe electric transport will have only a minimal effect on oil needs at least through 2040.
- Market Opinion:** Markets are slightly softer to start the day as huge production numbers from OPEC and the doubt that OPEC will actually enforce the January cuts weight on the mind of traders. Early estimates for the DOE this week show builds in diesel (1.783mmb) and gas (2.177mmb) and a draw in crude (-1.132mmb).

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

Table 6: Comparative Statistics for Petroleum Incident Rates: Onshore Transmission Pipelines vs. Road and Railway (2005-09)

Mode	Avg. Billions Ton-Miles Shipment Per Year	Avg. Incidents Per Year	Incidents Per Billion Ton-Miles
Road*	34.8	695.2	19.95
Railway*	23.9	49.6	2.08
Hazardous Liquid Pipeline	584.1	339.6	0.58
Natural Gas Pipeline	338.5	299.2	0.89

*Only incidents involving and ton-mileage carrying those products carried by pipeline (petroleum products, liquid natural gas, etc.) are counted for road and railway

Pipeline safety:

With all the rhetoric surrounding the Dakota Access Pipeline (DAPL), it can be noted that pipelines are the safest mode of transportation for petroleum products. This report was published in 2013 and the data within the report did not have much input from the recent discoveries in the Bakken. If the recent Bakken data would have been included, the number of incidents for road and railway would have been much higher.

Source: http://www.manhattan-institute.org/pdf/ib_23.pdf.

Contract		NYMEX as of 7:30am		Support	Resistance
JAN RBOB	↓	0.0162 @	1.5413	1.4985	1.5789
JAN HO	↓	0.0171 @	1.6398	1.5209	1.6774
JAN Crude	↓	1.04 @	50.75	47.90	52.42

