

Market Commentary

Recap: Oil prices erased early losses, to close near session highs, on hopes that the U.S. would reach a stimulus deal. Prices also found support from expectations for a weekly drop in U.S. crude oil inventories. Prices jumped just ahead of the expiration of the November WTI contract, but gains were contained by the spread of the coronavirus and its impact on demand. The expiring November WTI contract went off the board at \$41.46 a barrel, up 63 cents, or 1.5%, while the December contract settled at 441.70 a barrel, up 64 cents, or 1.6%. Brent for December delivery settled at \$43.16, up 54 cents, or 1.3%. November RBOB added 2.2%, to settle at \$1.1870 a gallon, while November heating oil tacked on 1.3%, to settle at \$1.1735 a gallon.

Market Outlook: WTI jumped to its highest level in a month, but still remains in a sideways pattern. Based upon a daily bar chart for the December contract, the 50 and 200-day moving averages mirror that of the sideways pattern this market has been trading in, indicating a lack of momentum. Even if this new spot contract gets above the 200-day moving average there is an awful lot of resistance up around the \$44.30 level. We are sticking with our opinion that this market will go nowhere, as it lacks momentum. Resistance rests at \$42.20, the current 200-day moving average, and above that at \$44.30. To the downside, support is set at \$40 and below that at \$37.50.

Fundamental News: Sources stated that Russia may support a rollover of the global output cuts beyond 2020, when they are due to be eased, if world markets worsen due to slow demand and an increase in new coronavirus cases. OPEC and other producers led by Russia is scheduled to relax output cuts from January 1st. However, Russia, in need of cash for its economy, may agree to keep them at current levels if oil markets worsen and if such proposals are put forward.

Russia's Energy Minister, Alexander Novak, said it was too early to discuss the future of the global oil output cuts deal by the OPEC+ group beyond December 2020.

Libya's AGOCO, a subsidiary of National Oil Corporation, is currently producing between 190,000 and 200,000 bpd. The company has not yet restarted the al-Bayda and Nafoora fields because pumping is carried out through Es Sider port, which remains under force majeure.

Iraq's Oil Minister, Ihsan Abdul Jabbar, said oil projects are delayed due to the OPEC+ production cuts but added that he expects an oil price recovery from the second quarter of next year to help the sector. He stated that the Kurdistan region is still not contributing to OPEC+ cuts. He expects Iraq National Oil Co to start leading the upstream industry in the first quarter of 2022. He also stated that he expects production capacity at 7 million bpd in five to six years from the current level of 5 million bpd.

China's flow of crude oil into storage increased in September, reversing two months of declines, as the world's biggest importer of the fuel continued to work its way through large volumes purchased during a brief April price war. The flow of crude into commercial and strategic stockpiles was about 1.75 million bpd, according to calculations based on official data for crude imports, domestic output and refinery runs.

Early Market Call - as of 8:10 AM EDT
WTI - Dec \$40.97, down 73 cents
RBOB - Nov \$1.1731, down 1.48 cents
HO - Nov \$1.1581, down 1.54 cents

All NYMEX | Prior Settlements

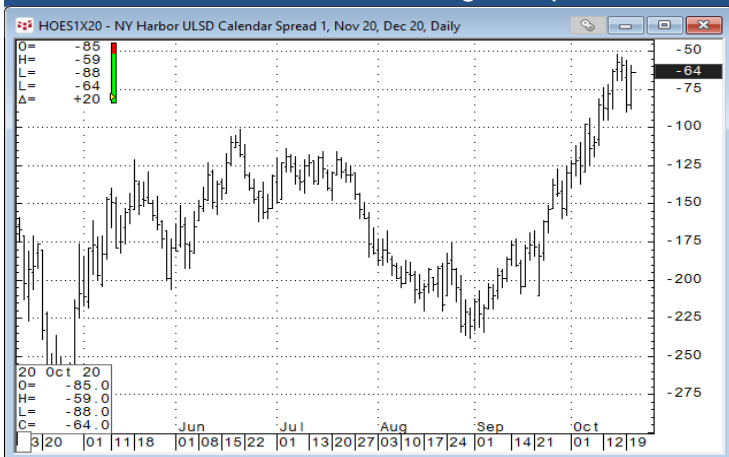
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-20	1.1735	0.0154	-0.0045
Dec-20	1.1802	0.0137	-0.0035
Jan-21	1.1924	0.0133	-0.0028
Feb-21	1.2055	0.0132	-0.0027
Mar-21	1.2167	0.0131	-0.0032
Apr-21	1.2244	0.0129	-0.0035
May-21	1.2357	0.0125	-0.0042
Jun-21	1.2469	0.0119	-0.0043
Jul-21	1.2603	0.0117	-0.0041
Aug-21	1.2728	0.0117	-0.0042
Sep-21	1.2852	0.0116	-0.0043
Oct-21	1.2971	0.0116	-0.0046
Nov-21	1.3084	0.0116	-0.0057
Dec-21	1.3173	0.0117	-0.0059
Jan-22	1.3283	0.0118	-0.0063
Feb-22	1.3357	0.0119	-0.0066
Mar-22	1.3386	0.0120	-0.0063

		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$1.46	\$41.7000	\$0.6400
Crude - Brent		\$43.1600	\$0.5400
Natural Gas		\$2.9130	\$0.1180
Gasoline		\$1.1879	\$0.0256

API Report for the Week Ending October 16, 2020

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 584,000 bbls	Down 1/1.9 million barrels
Cushing, OK Crude Stocks	Up 1.2 million barrels	
Gasoline Stocks	Down 1.6 million barrels	Down 1.6/1.8 million barrels
Distillate Stocks	Down 6 million barrels	Down 1.7/3 million barrels
Refinery Runs	Up 197,000 bpd	Up 0.5%, 75.6%
Crude Imports	Up 70,000 bpd	

November-December Heating Oil Spread



December WTI

