

Market Commentary

Recap: Oil futures climbed on Thursday after China and the U.S. agreed to lift existing tariffs if a partial trade deal is struck soon, signaling that trade talks are progressing and providing an upbeat backdrop for crude demand. WTI for December delivery rose \$1.53, or 2.7%, to reach \$57.88 a barrel on the New York Mercantile Exchange, recovering from its 1.5% loss on Wednesday. January Brent crude tacked on as much as \$1.15, or 1.8%, to trade at \$62.89 a barrel, following a 1.9% slide a day earlier. Gains were pared ahead of the settlement period, with December WTI settling at \$57.15 a barrel, up 80 cents, or 1.42%, while January Brent added 55 cents, or 0.89%, to settle at \$62.29 a barrel. December RBOB tacked on 0.6% to \$1.6355 a gallon and December heating oil shed 0.4% at \$1.9203 a gallon.

Technical Analysis: Although December WTI gained on Thursday, it remained within Wednesday's trading range. That being said, we continue to look for sideways trading with a slight bias to the upside. This spot contract should continue to trade within the ascending channel that can be depicted on a daily bar chart, while pivoting around the 200-day moving average, currently set at \$56.81. Resistance is set at \$58.21 and above that at \$59.11 and \$60.00. Support rests at 456.08 and \$55.36.

Fundamental News: Genscape reported that crude oil inventories held in Cushing, Oklahoma in the week ending Tuesday, November 5th fell by 767,616 barrels on the week and by 984,962 barrels from Friday, November 1st to 47,889,542 barrels.

Goldman Sachs expects Brent prices to continue trading around its \$60/barrel forecast with backwardation likely to persist. It said ongoing OPEC cuts, slowing shale activity will likely offset increasing supply from other non-OPEC producers and moderate demand growth.

The European Union and the US expressed concern on Thursday over Iran's holding of a UN IAEA inspector last week, with the US ambassador to the IAEA, Jackie Wolcott, calling it an "outrageous provocation" that must have consequences. Iran briefly held the inspector and seized her travel documents in what appeared to be the first incident of its kind since Iran signed the nuclear agreement with major powers in 2015.

Iran said it resumed uranium enrichment at its Fordow nuclear plant. The Atomic Energy Organization of Iran said that the entire process was supervised by the inspectors of the UN's IAEA. It said that the process will take a few hours to stabilize and by Saturday, when IAEA inspectors will again visit the site, an enrichment level of 4.5% will have been achieved. The UN's IAEA said Iran moved a cylinder of uranium hexafluoride gas to its Fordow site and connected it to centrifuges there in breach of its nuclear agreement with major powers. The IAEA report makes no mention of enrichment having been conducted at Iran's Fordow site.

US Secretary of State, Mike Pompeo, said Iran's recent "nuclear escalation" raise concerns that should move all countries to increase pressure on Iran.

Germany's Chancellor, Angela Merkel, said Europe has not yet taken a decision on how to respond to Iran's decision to resume enriching uranium but added that every step Iran takes makes things more difficult.

The US and China have agreed to roll back tariffs as part of the first phase of a trade deal between the two countries.

Early Market Call - as of 8:25 AM EDT

WTI - Dec \$56.44, down 71 cents
 RBOB - Nov \$1.6184, down 1.66 cents
 HO - Nov \$1.8895, down 3.1 cents

All NYMEX | Prior Settlements

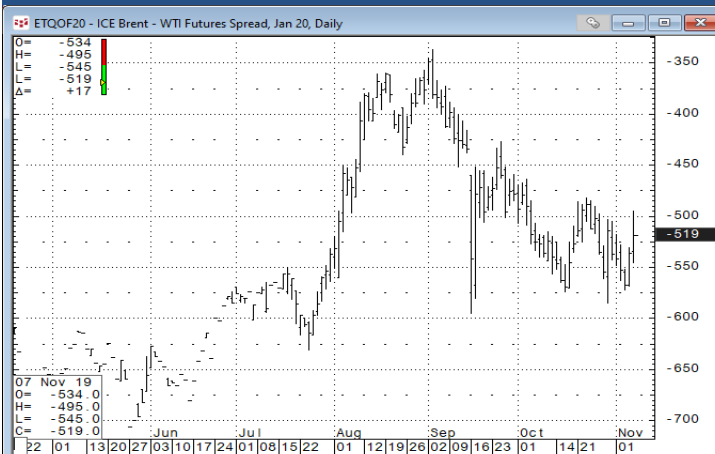
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-19	1.9203	-0.0075	-0.0445
Jan-20	1.9146	-0.0063	-0.0463
Feb-20	1.9064	-0.0040	-0.0342
Mar-20	1.8910	-0.0019	-0.0515
Apr-20	1.8715	0.0000	-0.0524
May-20	1.8590	0.0007	-0.0522
Jun-20	1.8506	0.0011	-0.0511
Jul-20	1.8483	0.0014	-0.0503
Aug-20	1.8474	0.0017	-0.0492
Sep-20	1.8486	0.0020	-0.0488
Oct-20	1.8504	0.0020	-0.0485
Nov-20	1.8520	0.0015	-0.0482
Dec-20	1.8531	0.0010	-0.0480
Jan-21	1.8547	0.0012	-0.0480
Feb-21	1.8498	0.0012	-0.0469
Mar-21	1.8394	0.0013	-0.0456
Apr-21	1.8219	0.0011	-0.0442

Other Front Month NYMEX		Close	Change
Crude - WTI	Jan Brent-	\$57.1500	\$0.7700
Crude - Brent	WTI Spread	\$62.2900	\$0.5500
Natural Gas	\$5.14	\$2.7720	-\$0.0560
Gasoline		\$1.6355	\$0.0093

EIA Working Gas Storage Report

	01-Nov-19	25-Oct-19	Change	Year Ago
East	932	913	19	830
Midwest	1,109	1,095	14	977
Mountain	207	211	-4	182
Pacific	292	298	-6	265
South Central	1,189	1,178	11	945
Salt	303	293	10	250
Nonsalt	886	885	1	695
Total	3,729	3,695	34	3,199

ICE January Brent-WTI Spread



NYMEX December WTI

