

Market Commentary

Recap: Oil prices ended higher on Tuesday, as data from China showed a jump in Chinese crude imports. WTI recaptured the \$40 level after data showed that Chinese crude oil imports rose to the equivalent of 11.8 million barrels per day in September. November WTI settled at \$40.20 a barrel, up 77 cents, or nearly 2%, while Brent for December delivery settled at \$42.45, up 73 cents, almost 1.8%. Products also gained, with November RBOB rising 0.6%, to \$1.1827 a gallon, while November heating oil added 1%, to \$1.169 a gallon.

Market Outlook: On Tuesday, the focus in oil markets shifted from the production side to the economic side, as new data suggested a recovery in the world economy. Along with the jump in China's oil imports, the IMF updated its economic growth forecast, in which they expect a decline of 4.4% in 2020 and a rise of 5.2% in 2021. November WTI rallied to a high of \$40.53 as it pushed through the 10 and 50-day moving averages. Although this market showed strength, it remains range bound as it continues to bounce within the same range it has been in over the past several weeks. As of now, we do not see a change. Support sits at \$39.95 and below that at \$39. To the upside, resistance is set at \$40.26, the 50-day moving average and above that at \$41.95, the 200-day moving average.

Fundamental News: The U.S. Bureau of Safety and Environmental Enforcement said U.S. Gulf offshore crude oil production continued to recover four days after Hurricane Delta made landfall with the amount of shut in production falling to 44% or 805,965 bpd. It also stated that 30% or 809.11 mmmcf/d of natural gas output remains offline in the Gulf.

The International Energy Agency said a slow economic recovery from the pandemic threatens to delay a full rebound in world energy demand to 2025. In its central scenario, a vaccine and therapeutics could mean the global economy rebounds in 2021 and energy demand recovers by 2023. However, it said that under a "delayed recovery scenario", the timeline is pushed back two years. In such a case, the IEA predicts "a deeper near-term slump erodes the growth potential of the economy, high unemployment wears away human capital, and bankruptcies and structural economic changes mean that some physical assets become unproductive as well." The IEA sees global energy demand falling by 5% in 2020, CO2 emissions related to energy by 7% and energy investment by 18%. Demand for oil is set to fall by 8% and coal use by 7% while renewables will see a slight rise. Overall, the IEA said it was too soon to say whether the pandemic had acted as a spur or a setback to governments and the energy industry as they seek to make the industry more sustainable. The IEA warned that uncertainty over future demand and the oil price plunge in 2020 could mean that oil producers are unsure how to gauge investment decisions leading to a mismatch in supply and demand, stoking future market volatility.

In its monthly report, OPEC said world oil demand will rebound more slowly in 2021 than previously expected as coronavirus cases increase. Demand is expected to increase by 6.54 million bpd next year to 96.84 million bpd. The growth forecast is 80,000 bpd less than expected a month ago. OPEC also cut its estimate of world oil demand in the current quarter by 220,000 bpd. It left its estimate of the scale of this year's historic contraction in oil use steady at 9.47 million bpd. In the report, OPEC said its output fell by 50,000 bpd to 24.11 million bpd in September. That amounted to 104% compliance with the pledges, up from August's figure of 103%. OPEC also forecast demand for its crude will be 200,000 bpd lower than expected next year at 27.93 million bpd, because of the reduced global demand outlook.

Early Market Call - as of 7:45 AM EDT

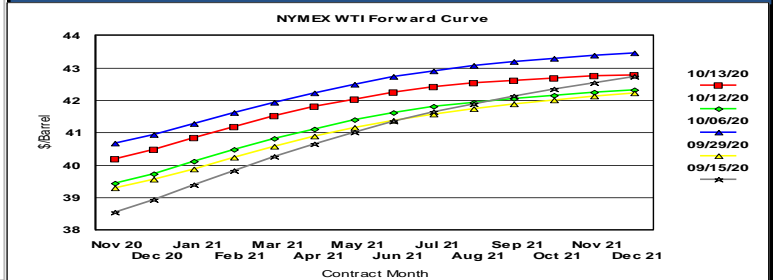
WTI - Nov \$40.08, down 12 cents
 RBOB - Nov \$1.1710, down 1.17 cents
 HO - Nov \$1.1588, down 1.02 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-20	1.1690	0.0119	0.0196
Dec-20	1.1767	0.0107	0.0220
Jan-21	1.1896	0.0102	0.0221
Feb-21	1.2028	0.0100	0.0224
Mar-21	1.2135	0.0099	0.0233
Apr-21	1.2209	0.0101	0.0228
May-21	1.2315	0.0103	0.0220
Jun-21	1.2426	0.0104	0.0221
Jul-21	1.2562	0.0100	0.0229
Aug-21	1.2686	0.0095	0.0235
Sep-21	1.2809	0.0091	0.0237
Oct-21	1.2925	0.0088	0.0232
Nov-21	1.3027	0.0089	0.0225
Dec-21	1.3114	0.0093	0.0207
Jan-22	1.3220	0.0094	0.0204
Feb-22	1.3291	0.0095	0.0209
Mar-22	1.3323	0.0092	0.0219

		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$1.96	\$40.4900	\$0.7600
Crude - Brent		\$42.4500	\$0.7300
Natural Gas		\$2.8550	-\$0.0260
Gasoline		\$1.1827	\$0.0070

WTI Forward Curve



NYMEX November WTI



November-December Heating Oil Spread

