

Market Commentary

Recap: Oil futures settled lower on Wednesday, but losses were pared as Hurricane Delta shuts more than 80% of U.S. Gulf offshore crude oil production. November WTI had gained ground \$40 a barrel prior to the release of the EIA report, but dipped to a fresh session low after the report showed a 500,000 barrel build in U.S. crude oil inventories. Analysts had expected a fall of 2 million barrels. The threat of Hurricane Delta affecting production in the Gulf region brought the November contract back above \$40, but traders were unable to achieve a settlement above this level. This spot contract settled at \$39.95 a barrel, down 72 cents, or 1.8%. December Brent fell 66 cents, or 1.6%, to settle at \$41.99 a barrel. November RBOB fell 2.8%, to \$1.2009 a gallon, while November heating oil lost 2.3%, to settle at \$1.1608 a gallon.

Technical Analysis: Oil prices were underpinned on Wednesday by the threat from Hurricane Delta and the ongoing strike in Norway. However, the global increase in the number of coronavirus cases kept November WTI from settling above the \$40 level and helped to produce an inside trading session, followed by a lower close. For the second straight session, November WTI settled above the upper line on the asymmetrical triangle, but was unable to gain traction above the 50-day moving average. The main trend of this market remains to the downside, with a push below \$36.99 signaling a resumption to the downside. Below this level, additional support is set at \$35. Resistance is set at \$42 and above that at \$43.12.

Fundamental News: Oil and gas workers withdrew from offshore production facilities as Hurricane Delta grew into a powerful storm on its way to the Gulf of Mexico. Royal Dutch Shell Plc is in the process of safely halting all drilling operations in the Gulf of Mexico as a precaution. It shut in production at all nine of its assets and is evacuating all personnel. Meanwhile, Motiva Enterprises said its operations are normal ahead of Hurricane Delta. The National Hurricane Center said Delta's winds reached 145 miles per hour as the storm moved toward Mexico's Yucatan peninsula and is expected to move into the Gulf of Mexico, whose warm waters will restore it to a Category 4 storm. Oil producers had evacuated 180 production facilities in the U.S. Gulf of Mexico by Wednesday and shut in 80.4% of offshore crude oil production or 1,487,699 bpd of oil and 49.2% or 1.335 billion cubic feet per day of natural gas production. The Louisiana Offshore Oil Port has suspended operations at its offshore marine terminal on Wednesday ahead of Hurricane Delta.

IIR Energy reported that U.S. oil refiners are expected to shut in 4.2 million bpd of capacity in the week ending October 9th, increasing available refining capacity by 121,000 bpd from the previous week. Offline capacity is expected to fall to 4.1 million bpd in the week to October 16th.

In his first major policy pronouncement since leaving the hospital, Trump called off talks with Democratic lawmakers on coronavirus relief legislation until after the election, even as cases are continuing to increase across much of the country. Along with Democrat Joe Biden, the former vice president whom he will face in the November 3rd U.S. election, congressional Democrats and some Republicans blasted Trump, saying more was needed to help the millions who have lost their jobs in a crisis in which the United States leads the world in deaths and infections. On Wednesday, White House chief of staff, Mark Meadows, said he was not optimistic that a comprehensive deal could be reached on further COVID-19 financial aid but that the Trump administration did support a more piecemeal approach. He said that "the stimulus negotiations are off", during an interview on Fox News. However, in a separate interview with CNBC, White House economic adviser, Larry Kudlow, said "right now in terms of the probability curve, this would probably be low low-probability stuff."

Early Market Call - as of 8:24 AM EDT

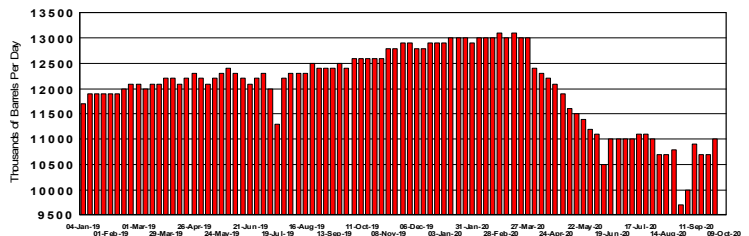
WTI - Nov \$40.71 up 76 cents
 RBOB - Nov \$1.2198 up 1.9 cents
 HO - Nov \$1.1842 up 2.34 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-20	1.1608	-0.0278	-0.0086
Nov-20	1.1723	-0.0264	-0.0068
Dec-20	1.1870	-0.0247	-0.0061
Jan-21	1.2007	-0.0245	-0.0057
Feb-21	1.2121	-0.0247	-0.0061
Mar-21	1.2196	-0.0241	-0.0080
Apr-21	1.2298	-0.0237	-0.0094
May-21	1.2414	-0.0233	-0.0099
Jun-21	1.2560	-0.0231	-0.0085
Jul-21	1.2693	-0.0228	-0.0073
Aug-21	1.2822	-0.0224	-0.0061
Sep-21	1.2939	-0.0218	-0.0057
Oct-21	1.3041	-0.0211	-0.0056
Nov-21	1.3123	-0.0198	-0.0052
Dec-21	1.3231	-0.0193	-0.0049
Jan-22	1.3310	-0.0190	-0.0041
Feb-22	1.3353	-0.0189	-0.0031

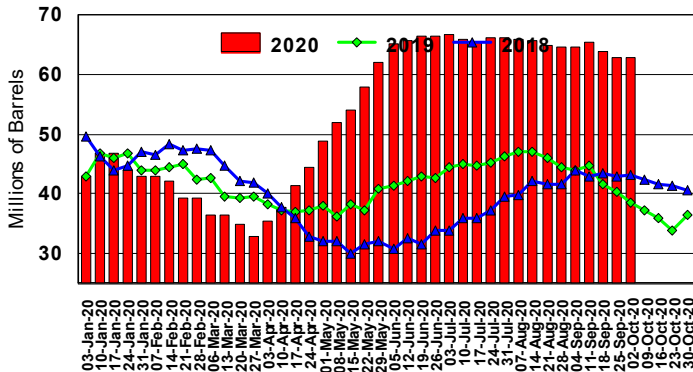
		Close	Change
Crude - WTI	Nov Brent-WTI Spread \$1.76	\$40.2300	-\$0.7000
Crude - Brent		\$41.9900	-\$0.6600
Natural Gas		\$2.6060	\$0.0860
Gasoline		\$1.2009	-\$0.0342

U.S. Domestic Crude Production



Weekly EIA Petroleum Status Report for the Week Ending October 2, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 501,000 barrels
 Cushing, OK Crude Stocks Up 470,000 barrels
 Gasoline Stocks Down 1.435 million barrels
 Distillate Stocks Down 962,000 barrels
 Refinery % Operated 77.1%, up 1.3%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Oct 2, 2020	Week Ending Sep 25, 2020	Week Ending Oct 4, 2019
New England	12.2	12.7	6.9
Central Atlantic	36.6	35.9	20.9
Total PADD #1	62.9	62.9	38.6
Distillate Imports (thousands b/d)	200	131	87