

## Market Commentary

**Recap:** Oil prices pared early losses on Monday, finishing the trading session close to unchanged. After falling by 1.2%, November WTI reversed course, going off the board at \$69.17 a barrel, up 5 cents, or 0.07%. Prices popped as traders took into account the mounting tensions between the U.S. and Saudi Arabia, as looming U.S. sanctions against Iran draw near. In addition the rebounding Chinese stock market Monday also helped to lend support to the bulls. December WTI which is now the front-month contract added 8 cents or 0.1%, to \$69.36. December Brent settled at \$79.83 a barrel, up 5 cents, or 0.06%. November RBOB fell 0.4%, to settle at \$1.907 a gallon, while November HO finished up 0.7% at \$2.318 a gallon.

### Technical Analysis

December WTI remains below the technical resistance level of \$70.14, the current 50-day moving average, while moving oscillators are set low in over sold territory but have not given any sign of crossing to the upside. Should this now spot contract break above the average, it will have to contend with \$70.52, the 62% set by the range between \$66.57 and \$76.90. Support is set at \$67.10 and \$66.57. Resistance is set at \$70.08 and \$71.74.

**Fundamental News:** Saudi Oil minister Khalid al-Falih said Monday that Saudi Arabia has no intention of unleashing a 1973-style oil embargo on Western consumers and will isolate oil from politics. He said "for decades we used our oil policy as a responsible economic tool and isolated it from politics." He added "...let's hope that the world would deal with the political crisis, including the one with a Saudi citizen in Turkey, with wisdom." He went on to say Saudi Arabia would soon raise output to 11 million b/d from its current 10.7 million b/d. He said the kingdom currently has a capacity of 12 million b/d. But he warned that he could not guarantee oil prices would refrain from going higher.

The head of the IEA said Monday he was not worried about Saudi Arabia potentially cutting oil exports in retaliation to growing international outrage over the killing of Saudi journalist Khashoggi. He also noted that global demand growth remains very strong, driven by several emerging countries in Asia. He warned though that against a background of a "free fall of production from Venezuela" and further reduction in Iranian oil exports, "there is a potential for seeing even higher prices than current ones and it's a challenge for key producers to increase output and comfort the markets."

Genscape reported Monday morning that they estimate Cushing crude oil stocks as of October 19<sup>th</sup> stood at 31,773,569 barrels, up 1,080,535 barrels from the previous week and up 149,468 barrels from October 16<sup>th</sup>.

Morgan Stanley in a research note said oil demand growth recently has been "lackluster" in several Asian countries, including India and South Korea, and has been a contributing factor for the recent price decline. They noted "...time spreads have struggled to perform, reflecting less market tightness, and take away capacity available in the Permian by late 2019 has increased following several operator announcements." The bank though continues to look for Brent to reach \$85 per barrel by year end.

JBC Energy warned that North West European gasoil prices are vulnerable to price spikes over the next couple of months due to low water levels on the Rhine which has delayed restocking inland.

IIR reported that U.S refiners for this week will have 1.628 million b/d offline and this should fall to 1.4 million b/d for the week ending November 2<sup>nd</sup>.

### Early Market Call - as of 8:45 AM EDT

WTI - Dec \$68.17 down \$1.19

RBOB - Nov \$1.8733 down 3.34 cents

HO - Nov \$2.2847 down 3.34 cents

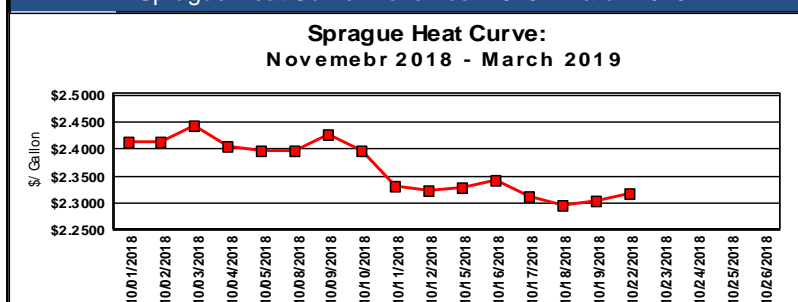
## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Nov-18	\$2.3181	\$0.0161	-\$0.0076
Dec-18	\$2.3189	\$0.0162	-\$0.0092
Jan-19	\$2.3196	\$0.0156	-\$0.0105
Feb-19	\$2.3163	\$0.0144	-\$0.0110
Mar-19	\$2.3101	\$0.0134	-\$0.0109
Apr-19	\$2.3002	\$0.0131	-\$0.0104
May-19	\$2.2949	\$0.0129	-\$0.0105
Jun-19	\$2.2911	\$0.0122	-\$0.0117
Jul-19	\$2.2939	\$0.0112	-\$0.0131
Aug-19	\$2.2978	\$0.0103	-\$0.0139
Sep-19	\$2.3027	\$0.0092	-\$0.0149
Oct-19	\$2.3076	\$0.0082	-\$0.0156
Nov-19	\$2.3122	\$0.0075	-\$0.0162
Dec-19	\$2.3154	\$0.0067	-\$0.0180
Jan-20	\$2.3174	\$0.0071	-\$0.0177
Feb-20	\$2.3102	\$0.0074	-\$0.0187
Mar-20	\$2.2986	\$0.0075	-\$0.0204

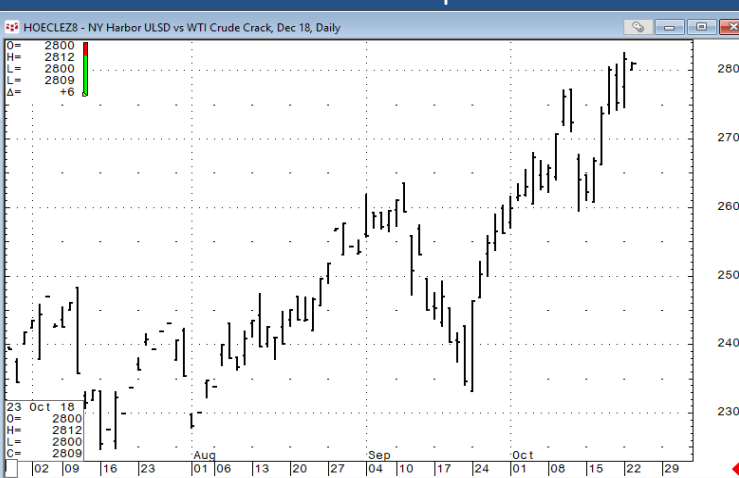
### Sprague Heat Curve November - March

Other Front Month NYMEX	Close	Change
Crude - WTI	\$69.3600	\$0.0800
Crude - Brent	\$79.8300	\$0.0500
Natural Gas	\$3.1380	-\$0.1120
Gasoline	\$1.9067	-\$0.0072

### Sprague Heat Curve: November 2018 - March 2019



## Dec Heat Crack Spread



## Dec RBOB Crack Spread

