

Market Commentary

Recap: Oil prices, which edged higher in early trading, turned lower on Monday on increasing signs that the global economy is weakening, which would have a negative impact on demand. Prices also slipped on signs that some major producers aren't adhering to production agreements. After briefly trading just above \$54.00 a barrel, November WTI tumbled \$1.07, or 1.9%, to a low of \$52.71 a barrel, while December Brent slipped \$1.16, or 1.9%, to a session low of \$58.26 a barrel. Losses were pared as the session progressed however, oil prices finished close to a 2-week low. November WTI settled at \$53.31 a barrel, down 47 cents, or 0.87%, while December Brent lost 46 cents, or 0.77%, to settle at \$58.96 a barrel. November RBOB settled at \$1.6072 a gallon, down 1%, while November heating oil edged down by 0.3% to \$1.9406 a gallon.

Technical Analysis: WTI continues to drift within the area of consolidation that it has been in for the last few weeks, as prices appear flat and remain within a \$3.50 range. For the short term, we would look for continued sideways trading and therefore be short term traders. Resistance is set at the 10-day moving average, which is currently set at \$53.45 and above that at \$55.00. To the downside, support is set at \$52.60 and \$51.00.

Fundamental News: The North Sea Buzzard oilfield is potentially going to resume operations on Friday or Saturday.

Exports of Nigeria's Forcados and Qua Iboe crude oil streams is expected to fall in December. Forcados will load 9 cargoes at a daily rate of 257,000 barrels, down from 263,000 barrels in November. Qua Iboe crude will load 7 cargoes at a daily rate of 215,000 bpd. It is down from 8 cargoes in November at 245,000 bpd.

IIR Energy US oil refiners are expected to shut in 1.43 million bpd in the week ending October 25th, cutting available refining capacity by 49,000 bpd from the previous week. Offline capacity is expected to increase to 1.45 million bpd in the week ending November 1st.

According to Euroilstock, European refinery production in September fell by 4% on the month and by 4.2% on the year to 10.451 million bpd. European gasoline production fell by 2.9% on the month and by 9.6% on the year to 2.332 million bpd, while its middle distillates production fell by 3.3% on the month and by 3.25 on the year to 5.473 million bpd and its fuel oil output fell by 2.7% on the month and by 12.2% on the year to 995,000 bpd. Refineries reduced their intake in September by 5.1% on the month and by 3.6% on the year to 9.974 million bpd.

US Defense Secretary, Mark Esper, said the Pentagon is considering keeping some US troops near oilfields in northeastern Syria alongside Kurdish-led Syrian Democratic Forces to help deny oil to Islamic State militants. US troops are crossing into Iraq as part of a broader withdrawal from Syria ordered by President Donald Trump, a decision that allowed Turkey to launch an offensive against the Syrian Democratic Forces which for years was a US ally battling Islamic State. More than 100 vehicles cross the border into Iraq early on Monday from the northeast tip of Syria, where Turkey agreed to pause its offensive for five days under a deal with the US. The truce expires late on Tuesday, just after Turkish President, Tayyip Erdogan is set to discuss next steps in the region at a meeting in Russia with President Vladimir Putin.

President Donald Trump continued to speak optimistically about the possibility of a deal to end the US trade war with China. He told reporters that the trade deal is coming along great. Last week, he stated that he hopes the first phase of the deal will be signed by the middle of next month.

Early Market Call - as of 8:30 AM EDT

WTI - Nov \$53.87

RBOB - Nov \$1.6118

HO - Nov \$1.9470

All NYMEX | Prior Settlements

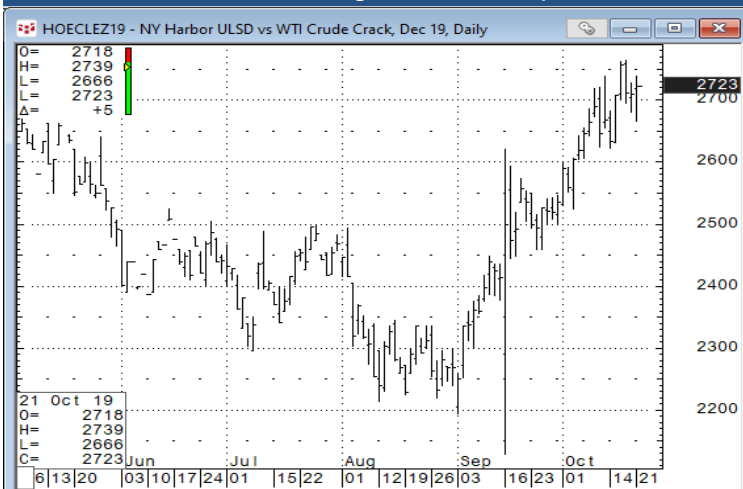
| Month | ULSD (HO) Close | Prior Settle Change | Change In One Week |
|--------|--------------------|------------------------|-----------------------|
| Nov-19 | 1.9406 | -0.0065 | -0.0255 |
| Dec-19 | 1.9232 | -0.0066 | -0.0179 |
| Jan-20 | 1.9092 | -0.0071 | -0.0145 |
| Feb-20 | 1.8926 | -0.0075 | 0.0076 |
| Mar-20 | 1.8739 | -0.0073 | -0.0085 |
| Apr-20 | 1.8510 | -0.0068 | -0.0053 |
| May-20 | 1.8366 | -0.0058 | -0.0025 |
| Jun-20 | 1.8272 | -0.0050 | 0.0012 |
| Jul-20 | 1.8246 | -0.0044 | 0.0033 |
| Aug-20 | 1.8237 | -0.0038 | 0.0055 |
| Sep-20 | 1.8247 | -0.0034 | 0.0063 |
| Oct-20 | 1.8267 | -0.0029 | 0.0072 |
| Nov-20 | 1.8288 | -0.0025 | 0.0074 |
| Dec-20 | 1.8292 | -0.0035 | 0.0078 |
| Jan-21 | 1.8299 | -0.0030 | 0.0074 |
| Feb-21 | 1.8259 | -0.0023 | 0.0070 |
| Mar-21 | 1.8168 | -0.0020 | 0.0067 |

| Other Front Month NYMEX | Close | Change |
|-------------------------|-----------|-----------|
| Crude - WTI | \$53.5100 | -\$0.3600 |
| Crude - Brent | \$58.9600 | -\$0.4600 |
| Natural Gas | \$2.2380 | -\$0.0820 |
| Gasoline | \$1.6072 | -\$0.0158 |

ICE December Brent-WTI Spread



December Heating Oil Crack Spread



December RBOB Crack Spread

