

## Market Commentary

**Recap:** Oil prices rose on Friday, stemming four consecutive weeks of losses, as traders responded to reports of an explosion on an Iranian tanker in the Red Sea, while optimism rose surrounding the U.S. – China trade tensions. November WTI rose \$1.32 or 2.4% to \$54.87 a barrel, while December Brent added \$1.54, or 2.6%, hitting a session high of \$60.64 a barrel. November settled at \$54.70 a barrel, up \$1.15, or 2.2%, for a two-week high and weekly gain of 3.6%. December Brent added \$1.41, or 2.4%, to \$60.51 a barrel for a weekly gain of 3.7%. Both benchmarks had posted losses in each of the previous two weeks in a row. November RBOB added 1% to \$1.6388 a gallon, for a weekly gain of around 4.2%, while November heating oil added 1.9% to \$1.9576 a gallon, lifting its weekly rise to 3.3%.

Potential for renewed conflict in the Middle East was clearly a fresh driver for investors Friday. Reports of the Iran tanker blast come amid allegations that the country has been behind attacks in recent months on oil tankers close to the Strait of Hormuz. Officials in the U.S and Saudi Arabia believe Iran was behind a missile attack on Saudi oil facilities last month, though Tehran has denied involvement in any attacks.

**Technical Analysis:** WTI held weekly support set just above \$51.00, while finishing the week close to resistance set at \$55.00. With this week's strong finish, we expect the market to begin the week trading to the upside, with a settlement above \$55.00 leading the way for a push toward \$60.00. Prior to \$60.00, there is resistance set at \$57.60. To the downside, support rests at \$53.25, the 10-day moving average and below that at \$51.95.

**Fundamental News:** An Iranian-owned oil tanker was struck, probably by missiles, in the Red Sea off Saudi Arabia's coast on Friday. The Sabiti, which was headed towards Iran's Larak port in the Gulf, was hit in the morning about 60 miles from the Saudi port of Jeddah. The National Iranian Tanker Company said the ship was damaged and leaking crude but was stable and denied reports it had been set ablaze. There was no claims of responsibility for Friday's reported incident.

According to Baker Hughes, the number of rigs searching for oil in the US in the week ending October 11<sup>th</sup> increased by two to 712.

The IEA said global oil markets have quickly recovered from attacks on Saudi oil facilities last month and even face an oversupply next year as global demand falls. It said Saudi Arabia has swiftly increased its production back up after the greatest single outage to global supply in modern times. In its monthly report, the IEA lowered its forecast for oil demand growth by 100,000 bpd to 1.2 million bpd due to troubled economic prospects for 2020. It said rising supply growth from the US, Brazil and Norway would help reduce the demand for OPEC crude to 29 million bpd next year, which could prompt the exporter group to keep restraining supply in 2020.

Gabon told OPEC it will fully comply with its pledge to cut oil output under a 2019 supply deal between OPEC and non-OPEC producers. One of OPEC's smallest producers, Gabon has not implemented its share of the supply cut. The country produced 199,000 bpd in September, above its target under the deal of 181,000 bpd.

Mexico's President, Andres Manuel Lopez Obrador, said the country is not importing crude oil, rejecting recent media reports that the country had been importing crude.

IIR Energy reported that US oil refiners are expected to shut in 1.82 million bpd of capacity in the week ending October 11<sup>th</sup>, cutting available refining capacity by 86,000 bpd from the previous week.

**Early Market Call - as of 8:55 AM EDT**

WTI - Nov \$53.47, down \$1.23

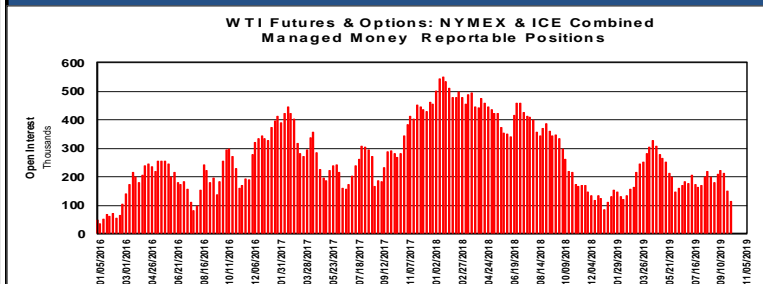
RBOB - Nov \$1.6095, down 2.9 cents

HO - Nov \$1.9270, down 3.07 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-19	1.9576	0.0368	0.0631
Dec-19	1.9408	0.0381	0.0608
Jan-20	1.9259	0.0391	0.0618
Feb-20	1.9112	0.0395	0.0637
Mar-20	1.8943	0.0396	0.0660
Apr-20	1.8737	0.0394	0.0666
May-20	1.8609	0.0400	0.0670
Jun-20	1.8537	0.0403	0.0679
Jul-20	1.8521	0.0398	0.0676
Aug-20	1.8525	0.0393	0.0680
Sep-20	1.8543	0.0388	0.0683
Oct-20	1.8567	0.0383	0.0686
Nov-20	1.8588	0.0377	0.0689
Dec-20	1.8590	0.0373	0.0685
Jan-21	1.8589	0.0364	0.0669
Feb-21	1.8538	0.0351	0.0648
Mar-21	1.8439	0.0340	0.0625

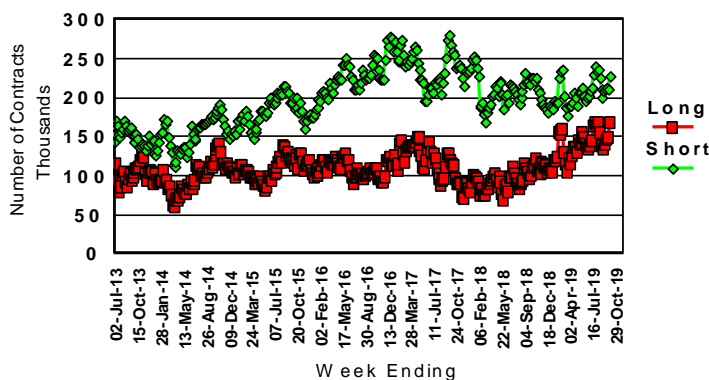
Other Front Month NYMEX		Close	Change
Crude - WTI	Dec Brent-	\$54.7800	\$1.2200
Crude - Brent	WTI Spread	\$60.5100	\$1.4100
Natural Gas	\$5.73	\$2.2140	-\$0.0040
Gasoline		\$1.6388	\$0.0155



## Commitment of Traders Report for the Week Ending October 8, 2019

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

