

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures traded higher on Wednesday, on vaccine related optimism and hopes that OPEC would delay plans to increase output. The market was also supported by a smaller than expected increase in U.S. crude oil inventories. WTI rose to a fresh high for the week, to trade above \$42 a barrel but encountered trouble trying to settle above this level. Despite the second straight increase in U.S. crude oil inventories, prices did post gains. December WTI added 39 cents, or 0.9%, to settle at \$41.82 a barrel, while Brent for January delivery settled at \$44.34 a barrel, up 59 cents, or 1.35%. December RBOB added .0097, to settle at \$1.129 a gallon, while December heating oil settled at \$1.12640 a gallon, up 2.49 cents.

Technical Analysis: WTI remains in the sideways trading pattern that began back in June and in the near-term; we do not see this scenario changing. Oil will continue to feel the pressure from European lockdowns and the spread of the coronavirus, but the longer-term outlook is improving thanks to the recent developments for a vaccine. In the meantime and until either the vaccine is rolled out, or until this virus comes under control, we would look for WTI to continue to reach toward its 200-day moving average, while pivoting around the 20 and 50-day moving averages. We would look for signs of exhaustion on the upside, which typically comes in around the \$42 level. Above \$42, additional resistance is set at \$43.35. To the downside, support is set at \$37 and \$36.25.

Fundamental News: Rystad Energy stated that U.S.' shale oil output is expected to fall this year due to the COVID-19 pandemic and as a result, 2020 average production is expected to fall by 3.1% on the year or 7.5 million bpd from 7.7 million bpd in 2019. It stated that U.S. operators' D&C capex, which in 2019 totaled \$98.7 billion, will more than halve in 2020.

The Joint Organizations Data Initiative reported that Saudi Arabia's crude oil production in September fell by 2,000 bpd on the month to 8.982 million bpd. The country's total oil exports, including crude and oil products, increased to 7.09 million bpd in September from 6.99 million bpd in August. Its crude oil exports increased for the third consecutive month by 98,000 bpd on the month to 6.066 million bpd in September, while its oil product exports increased by 11,000 bpd on the month to 1.028 million bpd. Saudi Arabia's demand for oil products fell by 168,000 bpd to 2.379 million bpd in September. The JODI also reported that Saudi Arabia's domestic refinery crude throughput in September fell by 224,000 bpd to 2.354 million bpd.

The Trump administration on Wednesday will offer all available areas in the Gulf of Mexico for auction to oil and gas companies in its final offshore sale before the January inauguration of President-elect Joe Biden. The Bureau of Ocean Energy Management, an arm of the Interior Department, will offer about 78 million acres off the coasts of Texas, Louisiana, Mississippi and Alabama for oil and gas development. The outcome of the auction will reveal the level of demand for new leases from and industry facing regulatory uncertainty, soft prices, and weak returns.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman Al Saud, said we managed to bring stability to the oil market and have the will and ability to continue doing so. He also stated that he has no doubt Saudi Arabia will have a working relationship and exert joint efforts with the new U.S. administration.

IIR Energy said U.S. oil refiners are expected to shut in 3.9 million bpd of capacity offline in the week ending November 20th, increasing available refining capacity by about 142,000 bpd from the previous week.

Early Market Call - as of 8:40 AM EDT

WTI - Dec \$41.51, down 31 cents

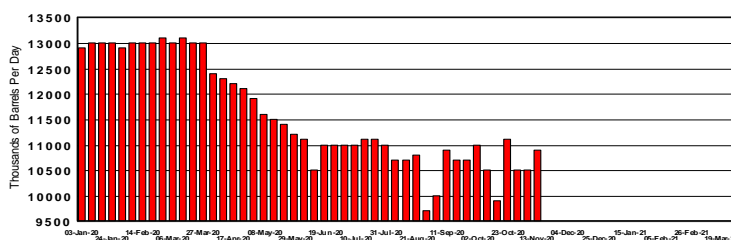
RBOB - Dec \$1.1546, down 83 points

HO - Dec \$1.2663, up 23 points

| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Dec-20 | 1.2640 | 0.0249 | -0.0182 |
| Jan-21 | 1.2711 | 0.0222 | -0.0133 |
| Feb-21 | 1.2805 | 0.0200 | -0.0103 |
| Mar-21 | 1.2887 | 0.0179 | -0.0085 |
| Apr-21 | 1.2931 | 0.0170 | -0.0077 |
| May-21 | 1.3000 | 0.0161 | -0.0058 |
| Jun-21 | 1.3079 | 0.0151 | -0.0043 |
| Jul-21 | 1.3175 | 0.0142 | -0.0035 |
| Aug-21 | 1.3271 | 0.0135 | -0.0027 |
| Sep-21 | 1.3374 | 0.0129 | -0.0016 |
| Oct-21 | 1.3480 | 0.0127 | -0.0009 |
| Nov-21 | 1.3576 | 0.0125 | 0.0002 |
| Dec-21 | 1.3648 | 0.0119 | 0.0017 |
| Jan-22 | 1.3741 | 0.0113 | 0.0028 |
| Feb-22 | 1.3798 | 0.0108 | 0.0036 |
| Mar-22 | 1.3818 | 0.0102 | 0.0044 |
| Apr-22 | 1.3801 | 0.0097 | 0.0047 |

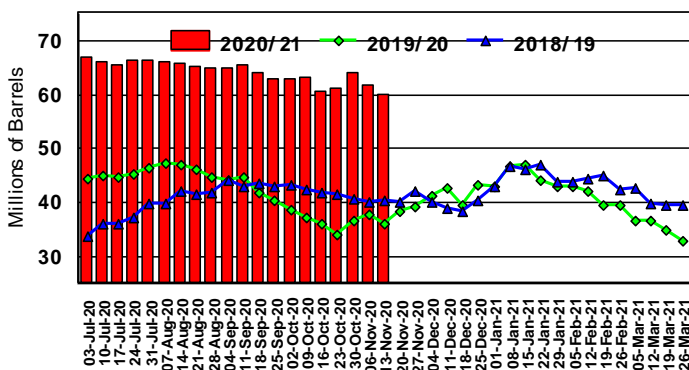
| | | Close | Change |
|---------------|------------------------------------|-----------|----------|
| Crude - WTI | Jan Brent- WTI Spread \$2.33 | \$42.0100 | \$0.3600 |
| Crude - Brent | | \$44.3400 | \$0.5900 |
| Natural Gas | | \$2.7120 | \$0.0200 |
| Gasoline | | \$1.1629 | \$0.0097 |

U.S. Domestic Crude Production



Weekly EIA Petroleum Status Report for the Week Ending November 13, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 769,000 barrels

Cushing, OK Crude Stocks Up 1.2 million barrels

Gasoline Stocks Up 2.611 million barrels

Distillate Stocks Down 5.216 million barrels

Refinery % Operated 77.4%, Up 2.9%

PADD #1

| Distillate Stocks (in million bbls) | Week Ending Nov 13, 2020 | Week Ending Nov 6, 2020 | Week Ending Nov 15, 2019 |
|-------------------------------------|--------------------------|-------------------------|--------------------------|
| New England | 12.6 | 12.9 | 7.4 |
| Central Atlantic | 34.3 | 34.9 | 18.0 |
| Total PADD #1 | 59.8 | 61.6 | 36.2 |
| Distillate Imports (thousands b/d) | 270 | 119 | 300 |