

Market Commentary

Recap: Oil prices slipped on Monday after Russia hinted that output would remain high, while concern over the global economy dampened the outlook for demand for oil. Oil prices are on track for the worst monthly performance since mid-2016, as hedge funds cut bullish positions and as new shorts enter the market. These factors combined with a falling equity market and a stronger dollar, pushed WTI as much as 1.9% lower on the day, with the December contract hitting a low of \$66.29 a barrel, while December Brent fell 1.7% to a low of \$76.55 a barrel. Losses were pared with December WTI settling at \$67.04 a barrel, down 55 cents, or 0.81%, while December Brent lost 28 cents, or 0.36%, to settle at \$77.34 a barrel. November RBOB settled at \$1.825 a gallon, up by almost a penny, while November heating oil fell by 0.8% to \$2.284 a gallon. The November contracts for the products expire at Wednesday's settlement.

Technical Analysis

December WTI remains above an ascending trend line that dates back to June 20, 2017, while remaining below its 10-day moving average of \$68.37. Successful breaks below this trend line open up for a run at \$65.33, below this area, additional support is set at \$63.00. Resistance we see initially at \$68.37, followed by \$69.99.

Fundamental News: Russia's energy minister over the weekend said there was no reason for Russia to freeze or cut its oil production levels, noting that there were risks that global oil markets could be facing a deficit.

IIR estimates U.S. refiners had an estimated 1.562 million b/d of capacity offline in the week ending November 2nd, down 248,000 b/d from the previous week. They are estimating offline refining capacity will decline further in the week ending November 9th to 1.258 million b/d.

Iran's oil ministry said Iran has begun selling crude oil to private companies for export on Sunday, in an attempt to counter U.S. sanctions which come into effect on November 4th. The sales were carried out in increments of 35,000 barrels and a total of 280,000 barrels were sold at \$74.85 per barrel out of 1 million barrels offered on the energy bourse.

Continental Resources reported Monday its 3Q2018 Bakken shale production increased to a record quarterly high of 167,643 b/d and is expected to increase again in the fourth quarter as it completes more wells. The company said its oil production remained unhedged, creating a "positive tailwind" in the third quarter.

Despite the supportive measures announced last week by the Chinese authorities, the Chinese stock market sank on Monday by 2-3%, with the Shanghai Composite down 9.9% for the month of October. Chinese economic data underscored worries of a cooling economy as profit growth at industrial firms slowed for the fifth consecutive month in September due to slowing sales of raw materials and manufactured goods. Meanwhile the MSCI world equity index is down nearly 10% as well this month.

U.S. stock prices late in the day Monday moved into negative territory as Bloomberg reported the Trump administration is preparing to announce by early December tariffs on all remaining Chinese imports if talks next month between President Trump and President Xi Jinping fail to ease the trade war.

Early Market Call - as of 8:55 AM EDT

WTI - Dec \$66.08 down 96 cents

RBOB - Nov \$1.8123 down 1.26 cents

HO - Nov \$2.2531 down 3.12 cents

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Nov-18	\$2.2843	-\$0.0187	-\$0.0338
Dec-18	\$2.2841	-\$0.0193	-\$0.0348
Jan-19	\$2.2826	-\$0.0195	-\$0.0370
Feb-19	\$2.2777	-\$0.0185	-\$0.0386
Mar-19	\$2.2699	-\$0.0174	-\$0.0402
Apr-19	\$2.2592	-\$0.0162	-\$0.0410
May-19	\$2.2534	-\$0.0155	-\$0.0415
Jun-19	\$2.2505	-\$0.0147	-\$0.0406
Jul-19	\$2.2551	-\$0.0139	-\$0.0388
Aug-19	\$2.2611	-\$0.0132	-\$0.0367
Sep-19	\$2.2681	-\$0.0125	-\$0.0346
Oct-19	\$2.2743	-\$0.0120	-\$0.0333
Nov-19	\$2.2795	-\$0.0117	-\$0.0327
Dec-19	\$2.2830	-\$0.0115	-\$0.0324
Jan-20	\$2.2858	-\$0.0110	-\$0.0316
Feb-20	\$2.2808	-\$0.0107	-\$0.0294
Mar-20	\$2.2708	-\$0.0102	-\$0.0278

Sprague Heat Curve Nov-March \$2.2798

Other Front Month NYMEX	Close	Change
Crude - WTI	\$67.0400	-\$0.5500
Crude - Brent	\$77.3400	-\$0.2800
Natural Gas	\$3.1850	Unchanged
Gasoline	\$1.8249	\$0.0099

Sprague Heat Curve: November 2018 - March 2019

