

## Market Commentary

**Recap:** Oil prices continued to rise on Tuesday on growing optimism surrounding the U.S.-China trade talks and as U.S. stocks reached fresh record highs. WTI for December delivery gained 69 cents, or 1.2%, to settle at \$57.23 a barrel, while January Brent rose 83 cents, or 1.34%, to settle at \$62.96 a barrel. Both WTI and Brent settled at their highest level in six months. Reports the U.S. might roll back tariffs on \$112 billion worth of Chinese imports as a concession to seal a "phase one" trade deal was credited with buoying sentiment across markets. December RBOB rose 0.7% to \$1.6746 a gallon, while December heating oil added 0.8% to \$1.9566 a gallon.

**Technical Analysis:** For the first time since September, WTI settled above \$56.81, the 50% retracement provided by the September high of \$62.74 and the October low of \$50.89. With the main trend set to the upside, we would look for continued higher moves, with the potential of December WTI hitting \$58.21, the 62% retracement of the aforementioned range. Above \$58.21, additional resistance sits at \$59.11 and \$60.00. Support is set at \$55.42, with a move back below \$53.71 shifting the trend to the downside.

**Fundamental News:** OPEC Secretary General, Mohammad Barkindo, said the oil market outlook for 2020 may be brighter than previously forecast, appearing to downplay any need for deeper production cuts. He said countries are increasing their compliance with the global oil deal. Earlier on Tuesday, OPEC released its 2019 World Oil Outlook, in which OPEC said it would supply a diminishing amount of oil in the next five years as output of US shale and other rival sources expanded. It stated that OPEC's production of crude and other liquids is expected to fall to 32.8 million bpd by 2024. This is compared with 35 million bpd in 2019. OPEC expects supply of US tight oil to reach 16.9 million bpd in 2024 from 12 million bpd in 2019, although the expansion will slow and peak at 17.4 million bpd in 2029. OPEC sees oil consumption in 2023 reaching 103.9 million bpd, down from 104.5 million bpd in last year's report.

Separately, OPEC's Secretary General, Mohammad Barkindo, said Brazil would be welcome to join the oil producer group but it had not yet made an official request to do so. Brazil's President, Jair Bolsonaro, said last month that he wants Brazil to join OPEC.

Production by PDVSA and its international partners in the Orinoco Belt fell to 435,000 bpd or 33.5% of its capacity of 1.3 million bpd from 495,000 bpd on October 31<sup>st</sup>. According to a technical report, despite the reactivation of some wells and the partial drainage of crude inventories, crude pumping capacity is affected by power failures at the Cerro Negro station.

The European Commission said Iran's decision to take a new step to reduce commitments to a landmark 2015 nuclear deal is a concern. In a speech broadcast live on state TV, Iran's President, Hassan Rouhani, said Iran is injecting gas into 1,044 centrifuges at its Fordow plant. Under the terms of the nuclear deal, Iran is allowed to spin centrifuges at Fordow without injecting gas. He said all of the steps Iran has taken to reduce its commitments are reversible and Iran will uphold all of its commitments under the deal when the remaining signatories, France, Britain, Germany, Russia and China, do the same. On Monday, Iran said it launched a new batch of advanced centrifuges to accelerate uranium enrichment, further reducing compliance with the deal following the withdrawal of its arch-foe the US.

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

WTI - Dec \$57.02, down 21 cents

RBOB - Dec \$1.6587, down 1.56 cents

HO - Dec \$1.9461, down 1.08 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-19	\$1.9566	\$0.0161	-\$0.0107
Jan-20	\$1.9501	\$0.0165	-\$0.0120
Feb-20	\$1.9397	\$0.0170	\$0.0028
Mar-20	\$1.9226	\$0.0177	-\$0.0154
Apr-20	\$1.9011	\$0.0181	-\$0.0149
May-20	\$1.8882	\$0.0183	-\$0.0157
Jun-20	\$1.8799	\$0.0179	-\$0.0159
Jul-20	\$1.8774	\$0.0174	-\$0.0159
Aug-20	\$1.8765	\$0.0168	-\$0.0157
Sep-20	\$1.8775	\$0.0163	-\$0.0157
Oct-20	\$1.8790	\$0.0160	-\$0.0156
Nov-20	\$1.8807	\$0.0160	-\$0.0155
Dec-20	\$1.8821	\$0.0162	-\$0.0159
Jan-21	\$1.8832	\$0.0163	-\$0.0167
Feb-21	\$1.8780	\$0.0161	-\$0.0166
Mar-21	\$1.8671	\$0.0157	-\$0.0163
4/31/2021	\$1.8494	\$0.0155	-\$0.0154

Other Front Month NYMEX		Close	Change
Crude - WTI	Dec Brent-	\$57.2900	\$0.6900
Crude - Brent	WTI Spread	\$62.9600	\$0.8300
Natural Gas	\$5.67	\$2.8620	\$0.0410
Gasoline		\$1.6746	\$0.0109

### API Report for the Week Ending November 1, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 4.3 million barrels	Up 2.7 million barrels
Cushing, OK Crude Stocks	Up 1.3 million barrels	Up 1.765 million barrels
Gasoline Stocks	Down 4.2 million barrels	Down 2.4 million barrels
Distillate Stocks	Down 1.6 million barrels	Down 1 million barrels
Refinery Runs	Down 112,000 b/d	Up 0.8%

## NYMEX Heating Oil Dec-Jan Spread



## NYMEX RBOB Dec-Jan Spread

