

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil futures fell on Friday following news that President Donald Trump has contracted COVID-19, adding pressure to a market that has already been dipping on concerns about the number of rising cases worldwide and its impact on demand. This news sent a wave of uncertainty through the market and reinforced fears that a second wave of the virus is coming and in turn affect the economy and energy demand. November WTI fell \$1.67, or 4.3%, to settle at \$37.05 a barrel, the lowest settlement for a spot month since September 8. December Brent slipped \$1.66, or 4.1%, to finish the week at \$39.27 a barrel. This is the lowest settlement for a spot contract since June 12. Based on the front-month contracts, WTI fell about 8% and Brent declined by 7.4% on the week. November RBOB lost 2.5%, to \$1.1235 a gallon, ending the week down 5.6%. November heating oil lost 3.6%, to \$1.085 a gallon, down 4.3% on the week.

**Technical Analysis:** Movement in the crude oil market continues to be determined by outside influences, especially the increase in the number of positive coronavirus cases. Friday's selloff pushed the November WTI to \$36.60, a near triple bottom for this spot contract. We would not be fooled by this move lower, as we have been here before. Let's remember that WTI has been trading within the \$35 to \$44 range, with the bulk of activity focusing around the \$40 level, since the beginning of June. Although the number of active oil rigs in the U.S. is running at relatively low levels, the lack of demand will push supply and demand out of balance, with demand being the dominant factor. It is tough to say whether or not we will see the amount of global shutdowns we had seen in the past, as the economy needs to get back on its feet. That being said, we would expect continued sideways trading. Resistance is set at \$38.70 and above that at \$40. Support rests at \$36.90 and below that at \$35.

**Fundamental News:** On Friday, U.S. President, Donald Trump, said that he and his wife, Melania had tested positive for COVID-19 and were going into quarantine, upending the race for the White House. Trump's physician, Sean Conley, said he expected the president to carry out his duties "without disruption" while he recovers. Later on Friday morning, a White House official said President Trump is experiencing "mild symptoms" of COVID-19.

U.S. energy firms this week added oil and natural gas rigs for a third consecutive week since October 2018 after price increases in recent months prompted some producers to start drilling again. Baker Hughes reported that the oil and gas rig count increased by 5 to 266 in the week ending October 2<sup>nd</sup>. U.S. oil rigs increased by six to 189 this week, the lowest since the week to June 19<sup>th</sup>, while gas rigs fell by one to 74.

S&P Global Platts reported the OPEC+ alliance has 2.375 million b/d of so-called "compensation cuts" due to make up for previous overproduction in violation of quotas. Of the 13 OPEC+ members required to make compensation cuts, only 6 members have outlined their planned schedule of production cuts, which totals just 1.22 million b/d, according to documentation seen by Platts.

The Norwegian Oil and Gas Association said the escalation of a strike among offshore oil workers in Norway could affect production from six fields with a total output of 330,000 bpd of oil equivalent. Norway's Lederne labor union said on Wednesday it would escalate the action from October 4<sup>th</sup> after dozens of workers went on strike at the Johan Sverdrup oilfield. NOG said the strike could force shutdown of the Equinor-operated Gudrun, Gina Krog, Kvitebjørn fields and the Neptune Energy-operated Gjoea field. In addition, production would have to stop at the associated Equinor's Valemon and Wintershall DEA's Vega fields. Lederne plans to take a total of 126 union members on strike, in addition to 43 who stopped working at Sverdrup on Monday after state mediated wage talks with NOG failed. Equinor has maintained production at the 470,000 boepd Sverdrup field despite the strike.

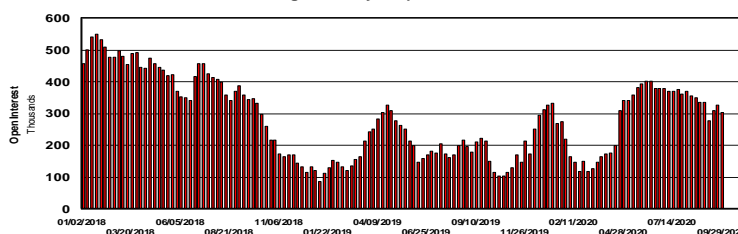
**Early Market Call - as of 8:40 AM EDT**

WTI - Nov \$38.49, up \$1.44  
 RBOB - Nov \$1.1769, up 5.34 cents  
 HO - Nov \$1.1221, up 3.71 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-20	1.0850	-0.0400	0.0483
Dec-20	1.0975	-0.0402	0.0497
Jan-21	1.1122	-0.0409	0.0513
Feb-21	1.1275	-0.0402	0.0516
Mar-21	1.1406	-0.0387	0.0502
Apr-21	1.1491	-0.0374	0.0478
May-21	1.1599	-0.0362	0.0467
Jun-21	1.1730	-0.0350	0.0460
Jul-21	1.1900	-0.0344	0.0458
Aug-21	1.2054	-0.0340	0.0459
Sep-21	1.2199	-0.0338	0.0465
Oct-21	1.2320	-0.0336	0.0479
Nov-21	1.2424	-0.0334	0.0488
Dec-21	1.2511	-0.0331	0.0500
Jan-22	1.2627	-0.0326	0.0506
Feb-22	1.2715	-0.0326	0.0503
Mar-22	1.2770	-0.0326	0.0492

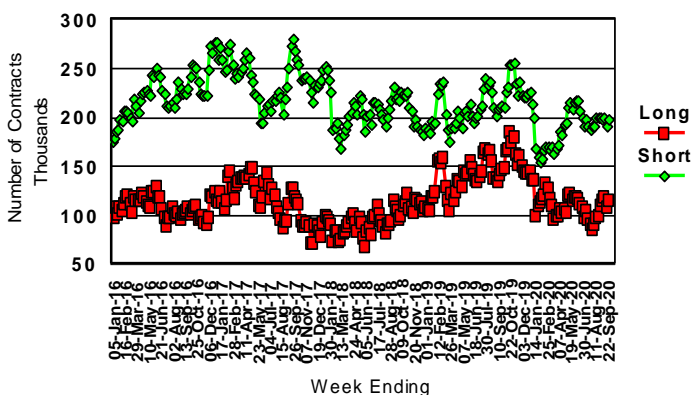
		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$1.93	\$37.3400	-\$1.6700
Crude - Brent		\$39.2700	-\$1.6600
Natural Gas		\$2.4380	-\$0.0890
Gasoline		\$1.1235	-\$0.0289

WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending September 29, 2020

Producer/Merchant Heat Positons  
 CFTC Commitment of Traders Report



Managed Money Heat Positons  
 CFTC Commitment of Traders Report

