

## Market Commentary

## All NYMEX | Prior Settlements

**Recap** Oil prices climbed for the third straight day on Tuesday, gathering strength from geopolitical tensions between the U.S. and Saudi Arabia over the disappearance of a U.S. journalist. Oil prices received a boost as well from a stronger equities market. Gains were limited by the EIA monthly report released yesterday, which projected U.S. shale production to rise 98,000 barrel per day during the month of November. November WTI edged up 14 cents, or 0.20%, to settle at \$71.92 a barrel, while December Brent settled at \$81.41 a barrel, up 63 cents, or 0.78%. November RBOB added 1.7%, to settle at \$1.977 a gallon, while November heating oil added 0.65%, to settle at \$2.340 a gallon.

### Technical Analysis

November WTI held its position above \$71.74, the 50% retracement set by October's high of \$76.90 and September's low of \$66.57. However this spot contract remains below \$72.40, resistance provided by a short term ascending trend line, making this our initial upside objective. Above this level, additional resistance can be found at \$73.68 and \$75.08, support rests at \$70.52 and below that at \$69.65.

**Fundamental News:** U.S. Secretary of State Pompeo met with the Saudi king and crown prince Tuesday. Following the meeting the Saudi Crown Prince and the U.S. Secretary of State "agreed on the importance of a thorough, transparent and timely investigation that provides answers" to the disappearance of Saudi journalist Khashoggi. The crown prince after the meeting said Saudi Arabia and the U.S. are old strong allies. Later in the day, President Trump confirmed he also had spoken with the crown prince and the crown prince had "totally denied any knowledge of what took place in the Turkish consulate." Trump said the crown prince had told him that he has already started and will rapidly expand the investigation into the missing journalist.

The Bureau of Safety and Environmental Enforcement in its final production report, released at midday on the impacts of Hurricane Michael on the offshore oil and gas operators in the Gulf of Mexico, said operations continue to return to normal operating levels. According to operators' reports, the BSEE estimated that about 7.7% of current oil production and 3.5% of the natural gas production in the Gulf of Mexico remains shut in. The agency also reported that a total of 3 platforms have reported damage from the storm.

The Deputy CEO of Gazprom Neft said Tuesday the Russian government is no longer capping oil output by local producers and as a result the company's production was back at the levels it was pumping before Russia reached an agreement on production with OPEC. He said Gazprom could potentially increase its oil production by a further 20,000-30,000 b/d this year and add another 50,000 b/d next year.

Colonial Pipeline said it is allocating space for Cycle 60 shipments on both Line 1, its main gasoline line and Line 2, its main distillate pipeline.

The National Hurricane Center Tuesday afternoon noted the low pressure system that they have been tracking in the southwestern Caribbean for the past several days has moved inland over southern Belize and eastern Guatemala. Due to land interaction, tropical cyclone formation associated with this system is no longer expected in the Atlantic basin.

### Early Market Call - as of 8:51 AM EDT

WTI - Nov \$71.35 down 57 cents  
RBOB - Nov \$1.9720 down 53 points  
HO - Nov \$2.3321 down 81 points

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Nov-18	\$2.3402	\$0.0145	-\$0.0836
Dec-18	\$2.3419	\$0.0138	-\$0.0839
Jan-19	\$2.3437	\$0.0136	-\$0.0840
Feb-19	\$2.3407	\$0.0134	-\$0.0840
Mar-19	\$2.3343	\$0.0133	-\$0.0838
Apr-19	\$2.3235	\$0.0129	-\$0.0847
May-19	\$2.3178	\$0.0124	-\$0.0839
Jun-19	\$2.3149	\$0.0121	-\$0.0824
Jul-19	\$2.3188	\$0.0118	-\$0.0812
Aug-19	\$2.3236	\$0.0119	-\$0.0801
Sep-19	\$2.3295	\$0.0119	-\$0.0792
Oct-19	\$2.3353	\$0.0121	-\$0.0781
Nov-19	\$2.3407	\$0.0123	-\$0.0765
Dec-19	\$2.3457	\$0.0123	-\$0.0742
Jan-20	\$2.3472	\$0.0121	-\$0.0725
Feb-20	\$2.3403	\$0.0114	-\$0.0713
Mar-20	\$2.3293	\$0.0103	-\$0.0710

## Sprague Heat Curve November 18- March 19 \$2.3405

Other Front Month NYMEX	Close	Change
Crude - WTI	\$71.9200	\$0.1400
Crude - Brent	\$81.4100	\$0.6300
Natural Gas	\$3.2390	-\$0.0030
Gasoline	\$1.9773	\$0.0330

## API Weekly Report for the Week Ending October 12, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Down 2.1 million barrels	Up 1.1/1.8 million barrels
Cushing, OK Crude Stocks	Up 1.5 million barrels	Up 2 million barrels
Gasoline Stocks	Down 3.4 million barrels	Down 1.5/1.6 millions
Distillate Stocks	Down 246,000 barrels	Down 1.2/1.5 million
Refinery Runs	Up 8,000 bpd	Down 0.3%/0.7%

## Gulf Of Mexico Oil Production Shut Ins:

Hurricane Season Total Lost Production: 3.87 Million Barrels  
Source: BSEE

