

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices fell for the second straight session after the International Monetary Fund said it sees global economic growth falling to a 3% rate this year, the slowest pace since the 2008 financial crisis and after weak economic data out of China gave rise to concern over energy demand. After experiencing a brief push to the upside on signs that a Brexit deal seemed likely and hints that OPEC could further cut output, both WTI and Brent reverted to the downside, with November WTI falling as much as \$1.20 or 2.2% to a low of \$52.39 a barrel before trimming losses for a settled at \$52.81, down 78 cents, or 1.46%. December Brent traded at a session low of \$58.00, a loss of \$1.35, or 2.2% before settling at \$58.74 a barrel, down 61 cents. November RBOB tacked on almost 0.1% at \$1.6144 a gallon, while November heating oil lost 0.3% to \$1.91 a gallon.

Technical Analysis: WTI continues to inch toward the downward trend line which is currently set at \$52.15. With the November contract settling below \$53.10, the 10-day moving average, we would look for continued test of the aforementioned trend line. Support below the trend line is set at \$51.38. Resistance is set at \$54.00 and \$55.00.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Friday, October 11th increased by 720,168 barrels and by 277,285 barrels from Tuesday, October 8th to 44,261,265 barrels.

The EIA reported that US shale production in November is seen increasing by 58,000 bpd to 8.971 million bpd.

OPEC's Secretary General, Mohammad Barkindo, said OPEC and its allies are committed to sustaining oil market stability beyond 2020 with global physical supplies currently relatively tight. He added that compliance with production quotas among OPEC and its allies was at 136%. In its latest monthly report for October, OPEC cut its forecast for world economic growth in 2020 to 3% from 3.1%.

The Trump administration proposed on Tuesday a deal to offset waivers to oil refiners that exempts them from the country's biofuel blending requirements. The EPA said the proposed plan would calculate the volume of biofuels refiners have to blend by using a three-year average of exempted gallons as recommended by the Department of Energy. This will eventually increase demand for biofuels.

A small earthquake on Monday night hit operations at two oil refineries in Martinez, California. Multiple units at Marathon's 167,000 bpd Martinez (Golden Eagle) refinery were shut on Tuesday morning, including a 37,000 bpd hydrocracker, a 26,000 bpd catalytic reformer, a 40,000 bpd ULSD hydrotreater, a 14,000 bpd SF alkylation unit and a hydrogen plant. Marathon said it was working to return the refinery to normal operations. Meanwhile, Royal Dutch Shell said some equipment had been temporarily affected at its 156,400 bpd refinery in Martinez, California but that operations were now normal.

Colonial Pipeline Co is allocating Cycle 61 shipments on Line 2, its main distillate line from Houston, Texas to Greensboro, North Carolina.

Enbridge said its Spearhead pipeline nominations are at 57.4% apportionment for November and 59.1% for December.

Early Market Call - as of 9:30 AM EDT

WTI - Nov \$52.81, unchanged
 RBOB - Nov \$1.6023, down 1.2 cents
 HO - Nov \$1.9215, up 1.12 cents

| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Nov-19 | \$1.9100 | -\$0.0051 | -\$0.0001 |
| Dec-19 | \$1.9006 | -\$0.0047 | \$0.0097 |
| Jan-20 | \$1.8904 | -\$0.0043 | \$0.0176 |
| Feb-20 | \$1.8764 | -\$0.0051 | \$0.0209 |
| Mar-20 | \$1.8592 | -\$0.0062 | \$0.0232 |
| Apr-20 | \$1.8383 | -\$0.0074 | \$0.0241 |
| May-20 | \$1.8254 | -\$0.0087 | \$0.0253 |
| Jun-20 | \$1.8185 | -\$0.0099 | \$0.0268 |
| Jul-20 | \$1.8175 | -\$0.0104 | \$0.0268 |
| Aug-20 | \$1.8180 | -\$0.0112 | \$0.0265 |
| Sep-20 | \$1.8200 | -\$0.0110 | \$0.0262 |
| Oct-20 | \$1.8225 | -\$0.0114 | \$0.0258 |
| Nov-20 | \$1.8247 | -\$0.0115 | \$0.0249 |
| Dec-20 | \$1.8247 | -\$0.0123 | \$0.0232 |
| Jan-21 | \$1.8246 | -\$0.0127 | \$0.0211 |
| Feb-21 | \$1.8200 | -\$0.0129 | \$0.0195 |
| Mar-21 | \$1.8109 | -\$0.0126 | \$0.0183 |

| Other Front Month NYMEX | | Close | Change |
|-------------------------|------------|-----------|-----------|
| Crude - WTI | Dec Brent- | \$52.8800 | -\$0.7700 |
| Crude - Brent | WTI Spread | \$58.7400 | -\$0.6100 |
| Natural Gas | \$5.86 | \$2.3390 | \$0.0590 |
| Gasoline | | \$1.6144 | \$0.0012 |

NYMEX WTI Continuation Chart



November Heating Oil Crack Spread

November RBOB Crack Spread

