

## Market Commentary

**Recap:** Oil prices firmed early in trading on Friday with support tied to progress toward deals on U.S.-China trade talks and Brexit, as well as a weekly fall in U.S. inventories. November WTI traded at a session high of \$54.62 a barrel, a gain of 69 cents, or 1.2%, while December Brent tacked on 36 cents, or .6%, to trade at a session high of \$60.27 a barrel. Gains were cut short by reports of slowing economic growth in China, which slowed to 6% year on year in the third quarter, its weakest in 26 ½ years. Oil prices reversed course giving up early gains and falling to fresh lows. November WTI settled at \$53.78 a barrel, down 15 cents, or 0.28%, for a weekly loss of 1.7%. December Brent lost 49 cents, or 0.82%, to settle at \$59.42 a barrel, off 2.1% for the week. November RBOB was down 0.2% at \$1.6186 a gallon, poised for a weekly loss of 1%, while November heating oil shed 0.3% to \$1.942 a gallon, down 0.8% for the week.

**Technical Analysis:** November WTI broke above \$54.00 for the second straight session, gaining more ground toward the \$55.00, but once again, this soon to expire contract failed to settle above \$54.00. With this market continuing to build a bottom above \$52.00, we would continue to look for advancements above \$54.00, with an initial goal of testing \$55.00. Above \$55.00, additional resistance is set \$55.39 and \$55.70. To the downside, support is set at \$53.30 and \$52.60.

**Fundamental News:** Baker Hughes reported that US energy firms increased the number of rigs searching for oil for a second consecutive week. Companies added 1 oil rig in the week ending October 18<sup>th</sup>, bringing the total count to 713.

Total said oil markets have lost 2 million bpd of crude oil this year due to security and political issues but are more concerned about slowing demand. The political issues that led to the loss of crude supply include US sanctions imposed on Venezuela and Iran and disruptions in Saudi Arabia and Libya.

Ineos said the Forties oil and gas pipeline system has reopened after a brief outage due to a power outage. The route was shut down early Friday after power supplies were disrupted by a lightning strike at Cruden Bay. Forties crude flows were already reduced due to an unplanned shutdown on Wednesday of the Buzzard field.

China's National Bureau of Statistics reported that the country's domestic crude oil production in September increased by 2.9% on the year to 15.64 million tons. Year-to-date output was 143.13 million tons, up 1.2% on the year. National crude oil throughput increased by 9.4% in September over the same year-ago level to 56.49 million tons or 13.75 million bpd, with year-to-date totaling 480.38 million tons or 12.85 million bpd, up 6.2% on the year. China's natural gas production in September increased by 10.6% on the year to 13.5 billion cubic meters.

UBS sees Brent crude prices increasing towards \$63/barrel by the end of the year before giving back those gains and declining towards \$55/barrel by mid-2020. However, it remains cautious on the outlook for next year given weak oil demand growth and strong non-OPEC supply growth.

IIR Energy reported that US oil refiners are expected to shut in 1.38 million bpd of capacity in the week ending October 18<sup>th</sup>, increasing available refining capacity by 321,000 bpd on the week. Offline capacity is expected to increase to 1.43 million bpd in the week ending October 25<sup>th</sup> and fall to 1.37 million bpd in the week ending November 1<sup>st</sup>.

**Early Market Call - as of 8:30 AM EDT**

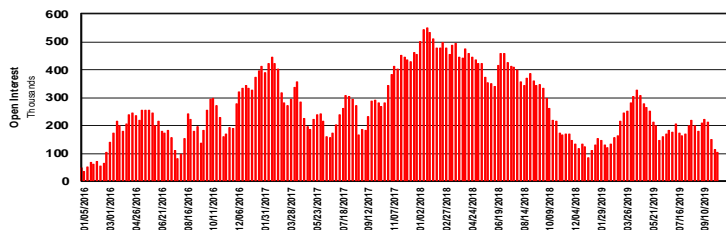
WTI - Nov \$53.51, down 28 cents  
 RBOB - Nov \$1.6104, down 1.23 cents  
 HO - Nov \$1.9325, down 1.42 cents

## All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-19	1.9471	-0.0010	0.0105
Dec-19	1.9298	-0.0035	0.0110
Jan-20	1.9163	-0.0044	0.0096
Feb-20	1.9001	-0.0045	0.0300
Mar-20	1.8812	-0.0045	0.0131
Apr-20	1.8578	-0.0049	0.0159
May-20	1.8424	-0.0052	0.0185
Jun-20	1.8322	-0.0056	0.0215
Jul-20	1.8290	-0.0058	0.0231
Aug-20	1.8275	-0.0061	0.0250
Sep-20	1.8281	-0.0062	0.0262
Oct-20	1.8296	-0.0062	0.0271
Nov-20	1.8313	-0.0062	0.0275
Dec-20	1.8327	-0.0052	0.0263
Jan-21	1.8329	-0.0049	0.0260
Feb-21	1.8282	-0.0046	0.0256
Mar-21	1.8188	-0.0047	0.0251

Other Front Month NYMEX		Close	Change
Crude - WTI	Dec Brent-	\$53.8700	-\$0.1600
Crude - Brent	WTI Spread	\$59.4200	-\$0.4900
Natural Gas	\$5.55	\$2.3200	\$0.0020
Gasoline		\$1.6230	\$0.0005

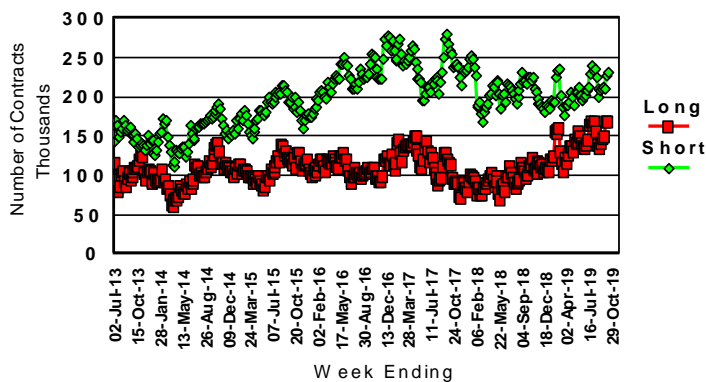
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending October 15, 2019

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

