

Market Commentary

Recap: Oil prices fell on Wednesday after a much larger-than-expected build in U.S. crude inventories and after Reuters reported that the signing of a U.S.-China trade deal could be delayed until December. Oil prices, which were trading higher on the day, slipped after the EIA reported a 7.9 million barrel build in U.S. crude oil inventories, which encompassed a 1.7 million barrel increase in stockpiles held at Cushing, OK. Prices extended losses after it was reported that the meeting between U.S. President Donald Trump and Chinese President Xi Jinping could be delayed until December. December WTI fell as much as \$1.12 or 1.95% to a session low of \$56.11 a barrel. Brent for January delivery lost as much as \$1.37 or 2.17%, to a low of \$61.59 a barrel. Losses were slightly pared with December WTI settling at \$56.35 a barrel, down 88 cents, or 1.54%, while January Brent settled at \$61.74 a barrel, down \$1.22, or 1.94%. December gasoline RBZ19, -2.81% rose 1.1 cents, or 0.7%, to \$1.6746 a gallon, while December heating oil HOZ19, -1.30% settled at \$1.9278 a gallon, down 2.9 cents, or 1.5%.

Technical Analysis: Despite Wednesday's sell off, December WTI continues to dance around both the 200-day moving average and \$56.81, the 50% retracement provided by the September high of \$62.74 and the October low of \$50.89. That being said, we would look for continued sideways trading within the upward channel that has been forming on a daily bar chart for the December contract. Resistance remains at \$58.21 and above that at \$59.11 and \$60.00. Support comes in at the 10-day moving average, which is currently set at \$55.91 and below that at \$55.30, the 50-day moving average.

Fundamental News: The EIA reported that US crude stocks increased by 7.9 million barrels in the week ending November 1st as refineries cut output sharply. Refinery crude runs fell by 237,000 bpd. Meanwhile, gasoline stocks fell by 2.8 million barrels, while distillate stocks fell by 622,000 barrels on the week.

According to the Wall Street Journal, Saudi Arabia will urge OPEC members to cut production ahead of the Aramco IPO.

Russia's Energy Minister, Alexander Novak, said the current oil price of more than \$60/barrel shows that markets are stable.

Libya's crude exports will continue their upward trend in November, with loadings estimated to average 1.17 million bpd this month.

IIR Energy reported that US oil refiners are expected to shut in 1.3 million bpd of capacity in the week ending November 8th, increasing available refining capacity by 175,000 bpd from the previous week. Offline capacity is expected to fall to 951,000 bpd in the week ending November 15th.

TC Energy has declared force majeure after an oil spill forced its Keystone oil pipeline to shut down last week. It told shippers that the shutdown means that it cannot carry out 30% of their normal November shipments on the 590,000 bpd line from Alberta to US Midwest refineries.

Iran has started to inject uranium gas into centrifuges at its underground Fordow nuclear facility, as part of its fourth step to scale back its commitments to the nuclear deal with major powers. French President, Emmanuel Macron called Iran's move "grave", saying it explicitly signaled Iran's intent for the first time to quit the nuclear deal with world powers. Russia's Foreign Minister, Sergei Lavrov, said events unfolding around the nuclear deal were extremely alarming and called on Iran to fulfill the terms of the deal. Later on Wednesday, Iran's Atomic Energy Organization said Iran prevented an inspector from the UN's IAEA from entering the Natanz nuclear facility because of a concern she may be carrying "suspicious material."

Early Market Call - as of 8:55 AM EDT

WTI - Dec \$57.28, up 93 cents

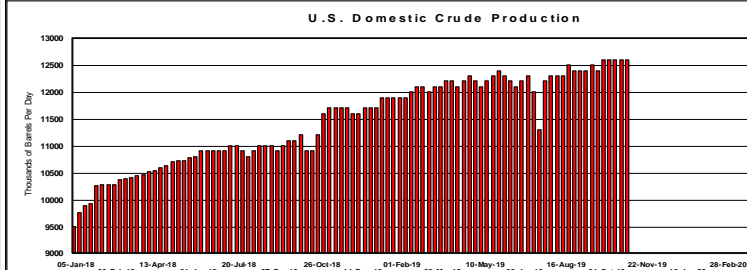
RBOB - Nov \$1.6391, up 1.26 cents

HO - Nov \$1.94, up 1.24 cents

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Dec-19	1.9278	-0.0288	-0.0256
Jan-20	1.9209	-0.0292	-0.0259
Feb-20	1.9104	-0.0293	-0.0099
Mar-20	1.8929	-0.0297	-0.0272
Apr-20	1.8715	-0.0296	-0.0260
May-20	1.8583	-0.0299	-0.0259
Jun-20	1.8495	-0.0304	-0.0251
Jul-20	1.8469	-0.0305	-0.0247
Aug-20	1.8457	-0.0308	-0.0237
Sep-20	1.8466	-0.0309	-0.0231
Oct-20	1.8484	-0.0306	-0.0229
Nov-20	1.8505	-0.0302	-0.0227
Dec-20	1.8521	-0.0300	-0.0228
Jan-21	1.8535	-0.0297	-0.0231
Feb-21	1.8486	-0.0294	-0.0227
Mar-21	1.8381	-0.0290	-0.0223
Apr-21	1.8208	-0.0286	-0.0215

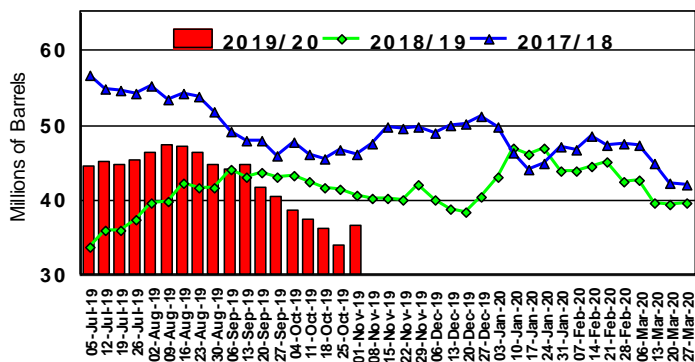
Other Front Month NYMEX		Close	Change
Crude - WTI	Jan Brent-	\$56.3800	-\$0.9100
Crude - Brent	WTI Spread	\$61.7400	-\$1.2200
Natural Gas	\$5.36	\$2.8280	-\$0.0340
Gasoline		\$1.6262	-\$0.0484



Weekly EIA Petroleum Status Report for the Week Ending November 1, 2019

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 7.929 million barrels

Cushing, OK Crude Stocks Up 1.714 million barrels

Gasoline Stocks Down 2.828 million barrels

Distillate Stocks Down 622,000 barrels

Refinery % Operated 86%, down 1.7%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Nov 1, 2019	Week Ending Oct 25, 2019	Week Ending Nov 2, 2018
New England	7.5	6.7	7.6
Central Atlantic	16.6	17.3	21.8
Total PADD #1	36.6	34.0	40.6
Distillate Imports (thousands b/d)	284	120	144