

Market Commentary

Recap: Oil futures finished slightly lower on Monday, as U.S. government officials failed to reach a stimulus agreement, while concern over surging COVID-19 cases continued to keep prices under pressure. A committee meeting between OPEC+ members also failed to supply support for prices. November WTI fell 5 cents, or 0.1%, to settle at \$40.83 a barrel, while the soon to be spot month December, lost 6 cents, or 0.2%. December Brent fell 31 cents, or 0.7%, to settle at \$42.62 a barrel. November RBOB slipped 0.6%, to \$1.1623 a gallon, while November heating oil lost 1.8%, to \$1.1581 a gallon.

Technical Analysis: Oil prices remain contained by the number of globally rising coronavirus cases, as renewed lockdowns can significantly damage demand. However, traders have managed to provide enough support to keep WTI near \$40. OPEC+ producers, concerned about demand, are working to keep prices from collapsing. As a result, they may be willing to keep production low in an effort to avoid the appearance of having lost control of this market. Traders are also focused on U.S. oil production, as the recent Baker Hughes Rig Count report indicated that the number of active rigs increased by 12 to 205. Traders are contending with a number of issues, which include further lockdowns in an oversupplied market, the lack of economic stimulus and the inability of OPEC+ to prop up prices. December WTI sits just above its 20 and 50-day moving averages, with the 10-day average above the 50-day moving average, indicating higher prices. Looming just above is \$42.10, the 200-day moving average. This market should continue to struggle for direction, with the \$40 level maintaining its gravitational pull. Above the 200-day moving average, additional resistance is set at \$43.50. To the downside support rests at \$40.65 and below that at \$37.50.

Fundamental News: Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said no-one should doubt OPEC's commitment to support the oil markets. On Monday, an OPEC+ ministerial monitoring committee held talks to discuss compliance with their oil output cuts. The JMCC found underperformance with oil cuts in September at 199,000 bpd and pledged action to support the oil market. It said full or partial lockdowns this winter could put oil demand at further risk. The Joint Ministerial Monitoring Committee made no recommendation on Monday to change previously approved policy for 2021. The next full OPEC meeting is scheduled for November 30th to December 1st.

The Kremlin said Russia and Saudi Arabia are in talks on how to support volatile oil markets, as rising coronavirus infections worldwide cut fuel demand. Russia's President, Vladimir Putin, and Saudi Arabia's Crown Prince Mohammed bin Salman held two phone calls last week to discuss oil markets. Separately, Russia's Energy Minister, Alexander Novak, said that the second wave of the COVID-19 pandemic has slowed down the recovery of the oil market. He said the monitoring committee recommended to comply in full to the global deal to reduce oil production. He said we will see more uncertainty in the oil market in the winter. He also stated that current oil prices are in line with the current situation.

According to the Joint Organizations Data Initiative, Saudi Arabia's crude oil exports increased to 5.97 million bpd in August from 5.73 million bpd in July. The country's crude output increased by 500,000 bpd to 8.98 million bpd in August.

Production at Libya's Sharara oilfield has increased to about 150,000 bpd, around half of its capacity. Libya's National Oil Corp lifted a force majeure on the field on October 11th. The field started operations at a rate of about 40,000 bpd, which gradually increased to around 100,000 bpd at the end of last week.

Libya's 70,000 bpd Abu Attifel oilfield is expected to begin its restart on October 24th after being shut down for months.

Early Market Call - as of 8:25 AM EDT

WTI - Nov \$40.68, down 15 cents

RBOB - Nov \$1.1649, up 26 points

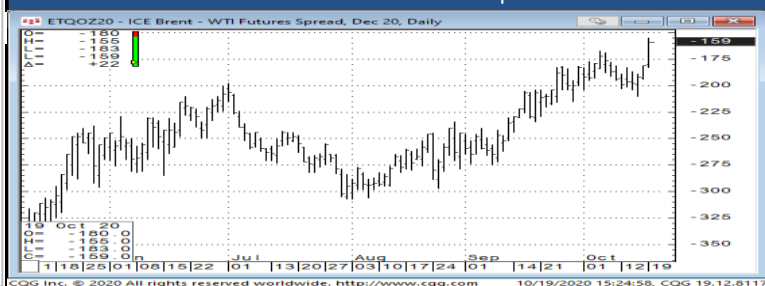
HO - Nov \$1.1547, down 34 points

All NYMEX | Prior Settlements

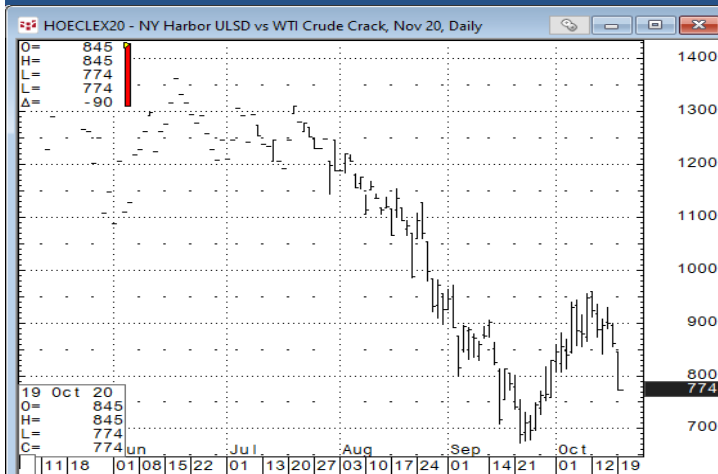
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-20	1.1581	-0.0210	-0.0010
Dec-20	1.1665	-0.0183	-0.0005
Jan-21	1.1791	-0.0171	0.0003
Feb-21	1.1923	-0.0162	0.0005
Mar-21	1.2036	-0.0156	0.0000
Apr-21	1.2115	-0.0152	-0.0007
May-21	1.2232	-0.0145	-0.0020
Jun-21	1.2350	-0.0136	-0.0028
Jul-21	1.2486	-0.0129	-0.0024
Aug-21	1.2611	-0.0123	-0.0020
Sep-21	1.2736	-0.0116	-0.0018
Oct-21	1.2855	-0.0109	-0.0018
Nov-21	1.2968	-0.0101	-0.0030
Dec-21	1.3056	-0.0098	-0.0035
Jan-22	1.3165	-0.0098	-0.0039
Feb-22	1.3238	-0.0099	-0.0042
Mar-22	1.3266	-0.0101	-0.0035

		Close	Change
Crude - WTI	Dec Brent-	\$41.0600	-\$0.0600
Crude - Brent	WTI Spread	\$42.6200	-\$0.3100
Natural Gas	\$1.56	\$2.7950	\$0.0220
Gasoline		\$1.1623	-\$0.0065

ICE December Brent-WTI Spread



November Heating Oil Crack Spread



November RBOB Crack Spread

