

Market Commentary

Recap: Oil futures rose on Monday on hopes that the U.S. will roll out another stimulus package and on a possible oil worker's strike in Norway. Gains, however, were limited as the number of coronavirus cases continue to rise and weakness in the U.S. dollar. Traders remain on edge, as the flu season comes upon us amid the rise in virus cases. Some Midwest U.S. states have seen a 25% jump in positive COVID-19 test rates, and the number of new infections nationwide has grown to 46,000 on average each day compared with 35,000 daily two weeks ago. November WTI rose 35 cents, or 0.9%, to settle at \$40.60 a barrel, while Brent for November delivery added 51 cents, or 1.22%, to settle at \$42.43 a barrel. October RBOB was up 2.7%, at \$1.2466 a gallon, while October heating oil tacked on 1.2%, to settle at \$1.1395 a gallon.

Technical Analysis: After rallying quite a bit during the session, prices gave back most of their gains after trying to gain ground above \$40. The November contract continues to pivot around the 50-day moving average, which is also hovering around \$40, making it difficult to gage this market. For now, we would look to scalp a few points throughout the session, rather than hold on for the long haul. Resistance sits at \$40.49, the current value of the 50-day moving average and above that at \$41.42. To the downside, support is set at \$39.10 and below that at \$38.87.

Fundamental News: OPEC Secretary General Mohammad Barkindo said commercial oil inventories in OECD countries are expected to stand slightly above the five-year average in the first quarter of 2021, before falling below that level for the rest of the year.

Russia's Energy Minister, Alexander Novak, said that the global oil market has been stable for the past few months and the balance between supply and demand has been restored, while uncertainties, such as an increase in COVID-19 cases, remain. Over the weekend, Russia's Energy Minister urged all global energy market players to combine efforts in order to offset the fallout from the spread of coronavirus, which has dampened fuel demand. He said global oil demand was seen falling by up to 10% this year due to the crisis, which has prompted companies to cut investment in production by 25-30%. He also praised the efforts to stabilize the oil market by OPEC+.

S&P Global Platts and Kpler estimate that the volume of crude oil in floating storage in Chinese waters declined significantly in the week of September 21-25. They estimate there was some 46.56 million barrels of crude oil was in floating stocks, some 28.5% lower than the record level recorded back during the week of August 31st-September 6th.

Royal Dutch Shell's Perdido oil and gas platform in the western Gulf of Mexico resumed operations after it was shut on September 18th as a precautionary measure due to Atlantic storm Beta.

Industry group, Norwegian Oil & Gas, said more than a fifth of Norwegian oil and gas production, including the Johan Sverdrup field, risks being shut down as soon as September 30th if talks aimed at settling a dispute over collective pay agreements are unsuccessful. Norwegian Oil & Gas said talks in early September had failed to reach a settlement and that the dispute had entered a mediation process.

IIR Energy reported that U.S. oil refiners are expected to shut in 4.1 million bpd of capacity in the week ending October 2nd, increasing available refining capacity by 558,000 bpd from the previous week. Offline capacity is expected to fall to 3.1 million bpd in the week ending October 9th.

Early Market Call - as of 8:58 AM EDT

WTI - Nov \$40.40 down 20 cents per barrel

RBOB - Oct \$1.2417 down 49 points

HO - Oct \$1.1435 up 40 points

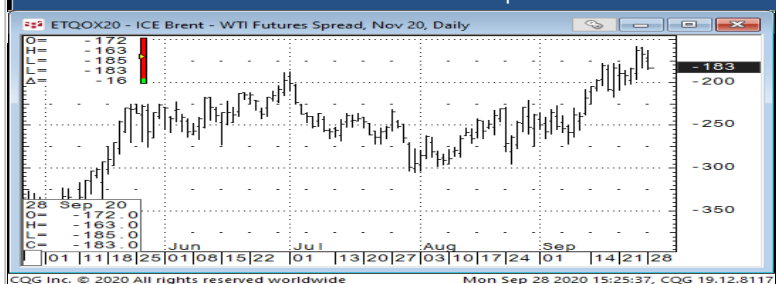
All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Oct-20	1.1395	0.0133	-0.0322
Nov-20	1.1460	0.0127	-0.0272
Dec-20	1.1603	0.0131	-0.0238
Jan-21	1.1760	0.0125	-0.0187
Feb-21	1.1906	0.0115	-0.0154
Mar-21	1.2014	0.0106	-0.0130
Apr-21	1.2072	0.0103	-0.0117
May-21	1.2162	0.0096	-0.0106
Jun-21	1.2277	0.0087	-0.0097
Jul-21	1.2441	0.0083	-0.0090
Aug-21	1.2590	0.0077	-0.0080
Sep-21	1.2732	0.0068	-0.0073
Oct-21	1.2856	0.0057	-0.0059
Nov-21	1.2960	0.0048	-0.0045
Dec-21	1.3050	0.0039	-0.0032
Jan-22	1.3164	0.0031	-0.0022
Feb-22	1.3253	0.0035	-0.0024

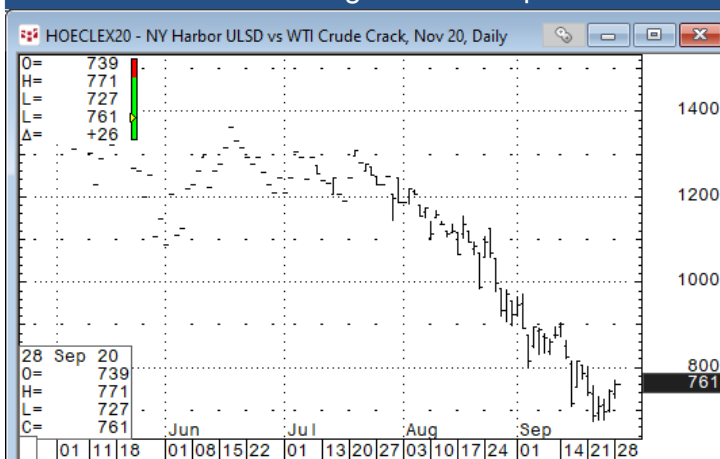
Sprague Heat Weighted Strip October -April 20/2021 \$1.1766

	Close	Change
Crude - WTI	\$40.6000	\$0.3500
Crude - Brent	\$42.4300	\$0.5100
Natural Gas	\$2.1010	-\$0.0380
Gasoline	\$1.2466	\$0.0324

ICE November Brent-WTI Spread



November Heating Oil Crack Spread



November RBOB Crack Spread

