

Market Commentary

Recap: The prospect of increased output cuts by OPEC and its allies, along with the unexpected decline in U.S. crude oil inventories pushed oil prices higher for the second straight session on Thursday. December Brent was up 73 cents at \$61.90 a barrel by 1:30 p.m. ET, while WTI rose 54 cents to \$56.51. Gains were pared with December Brent settling at \$61.27 a barrel, up 50 cents, or 0.82%, while December WTI added 26 cents, or 0.46%, to settle at \$56.23 a barrel. Although total petroleum stocks in the U.S. declined by 21 million barrels in the last three weeks, traders will most likely continue to wrestle with the outlook for crude demand amid a slack in the global economy, which would have a limiting effect on gains for oil. November RBOB closed up 0.7% to end at \$1.6632 a gallon and November heating oil tacked on 1.1% to close at \$1.9863 a gallon.

Technical Analysis: WTI continued to pull away from key technical numbers and in fact bounced off of \$55.42, the 38% retracement provided by the September high of \$62.75 and the October low of \$50.89. With the December contract settling above \$55.00, we would look for a push toward \$56.82, the 50% retracement of the aforementioned range. Above this level, there is resistance set at \$57.05. to the downside, support is set at \$55.00 and \$54.27.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, October 22nd increased by 1,642,444 barrels on the week and by 831,131 barrels from Friday, October 18th to 46,496,622 barrels.

Equinor stated that Norway's Johan Sverdrup oil field has reached a production level of 200,000 bpd less than three weeks after starting operations. It reaffirmed that the field should reach its first-phase "plateau" production target of 440,000 bpd next summer. The field is currently producing from five wells, and all eight of the wells drilled ahead of the startup should be producing by the end of November. The field is estimated to hold 2.7 billion barrels of recoverable reserves. Meanwhile, Equinor's oil production in Norway and internationally in the third quarter, with Norwegian output falling 9% on a year earlier at 497,000 bpd and overseas output falling 2% at 448,000 bpd.

The Forties oil and gas pipeline system will be shut on Thursday due to a loss of grid power.

The Chief Executive of Russia's Rosneft, Igor Sechin, said the September attacks on Saudi oil assets which temporarily shut down around half of the country's oil output has created grounds to rethink Saudi Arabia's role as a reliable oil supplier. He said the sudden loss of output "gives grounds to rethink Saudi Arabia's role as an undoubtedly reliable oil supplier."

According to preliminary official figures, PDVSA has seen its crude production fell to an average 672,000 bpd so far in October, down 55.5% from a 1.51 million bpd average in January. PDVSA is falling short of its 1.9 million bpd production goal for 2019 due to US sanctions and a steady deterioration in PDVSA infrastructure.

Crude oil flows on two pipelines from the Permian Basin to the Houston area have slowed this month as differentials narrowed and volumes to another US Gulf Coast hub increased. Crude volumes on Magellan Midstream Partners LP's Longhorn pipeline, which runs from the Permian to the Houston area, were about 208,000 bpd last week, down from 287,000 bpd in the week ending October 4th. Enterprise Products Partners LP's Midland-to-Sealy pipeline had flows of about 420,000 bpd last week, down from about 601,000 bpd in early October. Cheap tariffs on EPIC Midstream and Plains All American Pipeline's PAA-N lines from the Permian to Corpus Christi, Texas are helping increase volumes from Houston. Plains' Cactus II line has increased its flows almost one-third over September.

Early Market Call - as of 8:45 AM EDT

WTI - Dec \$56.05, down 19 cents

RBOB - Nov \$1.6611, down 13 points

HO - Nov \$1.9739, down 1.22 cents

All NYMEX | Prior Settlements

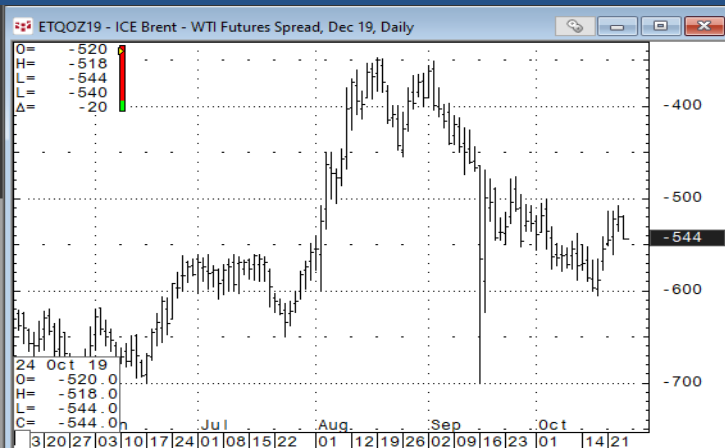
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-19	1.9863	0.0220	-0.0382
Dec-19	1.9748	0.0226	-0.0415
Jan-20	1.9641	0.0218	-0.0434
Feb-20	1.9489	0.0200	-0.0256
Mar-20	1.9302	0.0185	-0.0445
Apr-20	1.9080	0.0176	-0.0453
May-20	1.8940	0.0175	-0.0464
Jun-20	1.8848	0.0175	-0.0470
Jul-20	1.8816	0.0171	-0.0468
Aug-20	1.8801	0.0166	-0.0465
Sep-20	1.8806	0.0162	-0.0463
Oct-20	1.8820	0.0157	-0.0462
Nov-20	1.8834	0.0150	-0.0459
Dec-20	1.8835	0.0144	-0.0456
Jan-21	1.8830	0.0137	-0.0452
Feb-21	1.8775	0.0130	-0.0447
Mar-21	1.8672	0.0121	-0.0437

Other Front Month NYMEX		Close	Change
Crude - WTI	Dec Brent-	\$56.2300	\$0.2600
Crude - Brent	WTI Spread	\$61.6700	\$0.5000
Natural Gas	\$5.44	\$2.3160	\$0.0340
Gasoline		\$1.6632	\$0.0113

EIA Working Gas Storage Report

	18-Oct-19	11-Oct-19	Change	Year Ago
East	898	880	18	823
Midwest	1,069	1,044	25	930
Mountain	208	205	3	177
Pacific	297	296	1	262
South Central	1,134	1,093	41	893
Salt	268	246	22	216
Nonsalt	866	847	19	677
Total	3,606	3,519	87	3,087

ICE December Brent-WTI Spread



NYMEX December WTI

