

## Market Commentary

**Recap:** Oil futures declined on Wednesday after the EIA showed that overall products supplied, a proxy for demand, remained down 13% on the year and over the past four weeks when compared with the year ago period. The report also showed that domestic crude supplies fell for a second week in a row, but by less than the market expected and failing to ease pressure from concerns over weaker demand. December WTI fell \$1.67, or 4%, to settle at \$40.03 a barrel, while Brent for December delivery slipped \$1.43, or 3.3%, to settle at \$41.73 a barrel. Both WTI and Brent settled at their lowest settlement in a week. November RBOB fell 4% to \$1.1403 a gallon, while November heating oil slipped 2.9% to \$1.1399 a gallon.

**Technical Analysis:** WTI lost ground above the \$40 level, while failing to settle above support provided by the ascending trend line that can be depicted on a daily spot continuation chart. Traders appear to be focused on the 10 day moving average, which is currently set at \$40.84. With the lack of a stimulus package in the U.S., this market will most likely maintain its sideways trading pattern. Even if U.S. government officials reach an agreement on a stimulus package, a higher move will most likely be short lived as long as demand is impacted by the spread of COVID-19. Resistance is set at \$41.62 and above that at \$43.50. Support is seen at \$37.50 and below that at \$36.50.

**Fundamental News:** Platts is reporting that according to trading sources there was between 700,000 mt and 1 million mt of ULSD still in floating storage in Europe, while inland European gasoil stocks are relatively high as well.

Traders and analysts said that U.S. crude oil exports are expected to decline through the end of 2020 due to weak production and unfavorable economics for foreign buyers of U.S. crude. According to the EIA, exports this month fell to about 2.1 million bpd, the lowest level in more than a year, before increasing last week. U.S. crude oil production is expected to fall by 800,000 bpd this year to 11.45 million bpd and to 11.09 million bpd next year. The fall in supply makes it less likely that U.S. prices will fall. U.S. crude exports to Europe are expected to fall to 16.2 million barrels in October, compared with 32.6 million barrels in September.

S&P Global Platts reported Libya's crude and condensate output has more than quadrupled over the past month, averaging just over 500,000 b/d on Tuesday, as some key fields in the southwest and southeast of the country of the country have restarted.

IIR Energy reported that U.S. oil refiners are expected to shut in 4.5 million bpd of capacity in for the week ending October 23<sup>rd</sup>, increasing available refining capacity by about 211,000 bpd from the previous week. Offline capacity is expected to fall further to 3.8 million bpd in the week to October 30<sup>th</sup>.

White House Chief of Staff, Mark Meadows, said the largest sticking point in coronavirus relief negotiations remains funding for state and local governments but added that progress has been made toward a deal. Separately, U.S. House Speaker, Nancy Pelosi, said there was still the prospect for a deal on further COVID-19 relief despite resistance from Senate Republicans. She was optimistic an agreement would be reached even as it was unclear whether it could pass before the election. She said that while she wanted the bill passed by November 1<sup>st</sup>, it would hopefully include retroactive aid if approved after the November 3<sup>rd</sup> election.

**Early Market Call - as of 8:45 AM EDT**

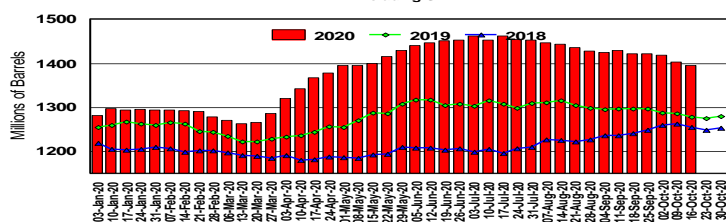
WTI - Dec \$40.14, up 12 cents  
 RBOB - Nov \$1.1444, up 41 points  
 HO - Nov \$1.1391, down 9 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-20	1.1399	-0.0336	0.0526
Dec-20	1.1476	-0.0326	0.0513
Jan-21	1.1615	-0.0309	0.0491
Feb-21	1.1752	-0.0303	0.0471
Mar-21	1.1868	-0.0299	0.0455
Apr-21	1.1950	-0.0294	0.0439
May-21	1.2063	-0.0294	0.0426
Jun-21	1.2176	-0.0293	0.0417
Jul-21	1.2311	-0.0292	0.0414
Aug-21	1.2435	-0.0293	0.0413
Sep-21	1.2557	-0.0295	0.0412
Oct-21	1.2674	-0.0297	0.0407
Nov-21	1.2786	-0.0298	0.0396
Dec-21	1.2874	-0.0299	0.0392
Jan-22	1.2985	-0.0298	0.0388
Feb-22	1.3063	-0.0294	0.0382
Mar-22	1.3093	-0.0293	0.0381

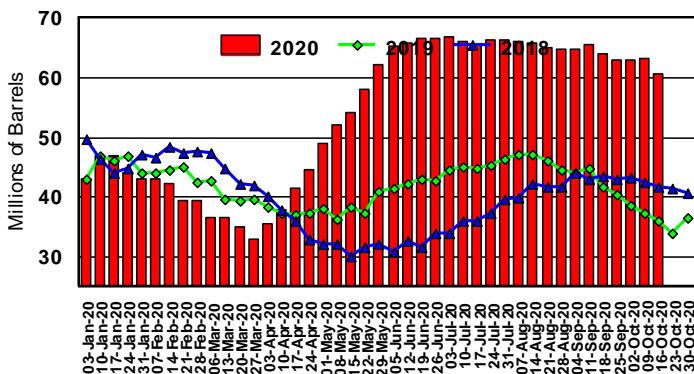
		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$1.70	\$40.0300	-\$1.6700
Crude - Brent		\$41.7300	-\$1.4300
Natural Gas		\$3.0230	\$0.1100
Gasoline		\$1.1403	-\$0.0476

**Total U.S. Oil Stocks**  
Excluding SPR



## Weekly EIA Petroleum Status Report for the Week Ending October 16, 2020

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 1.002 million barrels  
 Cushing, OK Crude Stocks Up 975,000 barrels  
**Gasoline Stocks** Up 1.895 million barrels  
**Distillate Stocks** Down 3.832 million barrels  
**Refinery % Operated** 72.9%, down 2.2%

### PADD #1

	Week Ending (in million bbls)	Week Ending Oct 9, 2020	Week Ending Oct 18, 2019
Distillate Stocks	11.9	11.7	7.0
Central Atlantic	35.1	35.9	18.0
Total PADD #1	60.6	63.1	36.1
Distillate Imports (thousands b/d)	131	109	100