

Market Commentary

Recap: Oil prices fell for the eighth straight session on Wednesday after the EIA reported U.S. crude oil production reached record levels, as domestic crude oil inventories rose for the seventh week in a row. Prices began the session trading to the upside after it was reported that Russia and Saudi Arabia were discussing the possibility of cutting output next year. December WTI rose above \$63.00 a barrel, while January Brent breached \$73.00 a barrel. The move to the upside was short lived, as traders reacted to the bearish U.S. inventory report. WTI traded as low as \$61.20, the lowest level a spot month contract has traded in 7 months, while January Brent hit a 3 month low, to trade at \$71.35. Losses were pared and the settlement was mixed, with December WTI settling at \$61.67 a barrel, down 54 cents, or 0.87%, while Brent for January delivery slipped 6 cents, or 0.08%, to finish the session at \$72.07. Products were mixed after the release of the inventory report, as it showed U.S. gasoline stocks unexpectedly rose 1.9 million barrels, while distillate stocks fell 3.5 million barrels. Expectations were calling supply declines of 2.1 million barrels in gasoline and 2.03 million barrels for distillates. December RBOB lost nearly 2.8% to \$1.647 a gallon. That was the lowest front-month settlement since December 2017. December heating oil rose 2.2% to \$2.237 a gallon.

Technical Analysis: Once again, December WTI failed to gain momentum above the ascending trend line seen on a daily spot continuation chart, and \$63.11, the 38% retracement set by the October high of \$77.09 and the June low of \$40.50. This failure was met with a round of technical selling, pushing this spot contract closer to \$58.78, and the 50% retracement of the aforementioned range. As mentioned previously, as long as December WTI remains below \$63.11, bias will remain to the downside. Support rests at \$61.20 and \$58.60, with resistance set at \$64.00 and \$65.64.

Fundamental News: The EIA reported that crude stocks increased by 5.8 million barrels for the week ending November 2nd, the seventh consecutive week of gains, along with U.S. domestic crude oil production soaring by 400,000 b/d from the previous week and reaching an all-time high of 11.6 million b/d.

A senior OPEC source said a return to oil production cuts by the OPEC and non-OPEC alliance in 2019 cannot be ruled out to avert a possible oversupply that could weigh on prices. A ministerial committee of some members of OPEC and allies meet on Sunday in Abu Dhabi to discuss the market and outlook for 2019.

Tass news agency reported that Russia and Saudi Arabia have started bilateral discussions over possible 2019 oil production cuts. It reported that Saudi Arabia proposed the cuts.

Russia's Energy Minister, Alexander Novak, said that the global oil market was well-balanced. He also said the ministry would hold consultations with Russian oil producers ahead of a meeting of the monitoring committee of OPEC and non-OPEC producers later this month.

A senior Kuwait official said the country plans to increase its oil output capacity for light crude to 250,000 bpd from its current output level of 175,000 bpd.

IIR Energy reported that US oil refiners are expected to shut in 1.407 million bpd of capacity in the week ending November 9th, increasing available refining capacity by 210,000 bpd from the previous week. IIR expects offline capacity to fall to 486,000 bpd in the week ending November 16th.

Early Market Call - as of 9:00 AM EDT

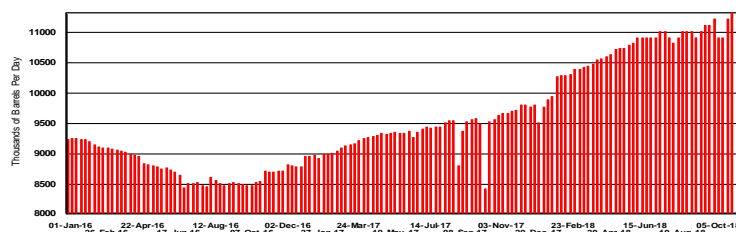
WTI - Dec \$61.61, down 6 cents
 RBOB - Dec \$1.6562, up 91 points
 HO - Dec \$2.2099, down 2.77 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-18	\$2.2371	\$0.0488	-\$0.0143
Jan-19	\$2.2238	\$0.0439	-\$0.0247
Feb-19	\$2.2125	\$0.0410	-\$0.0303
Mar-19	\$2.2020	\$0.0395	-\$0.0322
Apr-19	\$2.1861	\$0.0366	-\$0.0364
May-19	\$2.1790	\$0.0348	-\$0.0375
Jun-19	\$2.1764	\$0.0339	-\$0.0372
Jul-19	\$2.1816	\$0.0330	-\$0.0369
Aug-19	\$2.1889	\$0.0328	-\$0.0358
Sep-19	\$2.1980	\$0.0330	-\$0.0338
Oct-19	\$2.2066	\$0.0335	-\$0.0316
Nov-19	\$2.2143	\$0.0341	-\$0.0294
Dec-19	\$2.2202	\$0.0341	-\$0.0278
Jan-20	\$2.2222	\$0.0329	-\$0.0282
Feb-20	\$2.2170	\$0.0307	-\$0.0289
Mar-20	\$2.2088	\$0.0297	-\$0.0276
Apr-20	\$2.1969	\$0.0286	-\$0.0270

Other Front Month NYMEX		Close	Change
Crude - WTI	Jan Brent-	\$61.8200	-\$0.5200
Crude - Brent	WTI Spread	\$72.0700	-\$0.0600
Natural Gas	\$10.25	\$3.5550	\$0.0000
Gasoline		\$1.6474	-\$0.0466

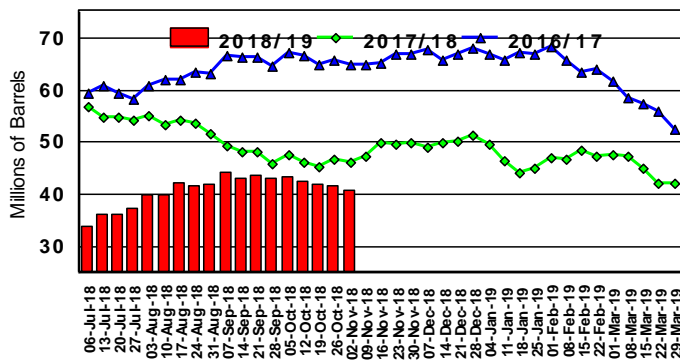
U.S. Domestic Crude Production



EIA Weekly Petroleum Status Report for the Week Ending November 2, 2018

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 5.783 million barrels
 Cushing, OK Crude Stocks Up 2.419 million barrels
Gasoline Stocks Up 1.852 million barrels
Distillate Stocks Down 3.465 million barrels
Refinery % Operated 90%, Up 0.6%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Nov 2, 2018	Week Ending Oct 26, 2018	Week Ending Nov 3, 2017
New England	7.6	7.5	8.5
Central Atlantic	21.8	22.1	27.0
Total PADD #1	40.6	41.4	46.1
Distillate Imports (thousands b/d)	144	121	64