

Market Commentary

Recap: Oil futures came under pressure in early trading on Tuesday, as prices were pressured by expectations for a rise in U.S. crude inventories and remarks that cast doubt on Russia's enthusiasm for deeper production cuts as part of its agreement with OPEC. However, these early losses were pared on signs that tensions between the U.S. and China may be easing. After falling as much as 2.1%, oil prices reversed to the upside, where they hovered around unchanged before finishing mixed on the day. December WTI slipped 27 cents, or 0.48%, to settle at \$55.54 a barrel, while December Brent added 2 cents, or 0.03%, to settle at \$61.59 a barrel. December heating oil fell 0.3% to \$1.9563 a gallon, while December added 0.8% at \$1.6857 a gallon.

Technical Analysis: December WTI retreated further away from the 200-day moving average after failing to gain momentum above it during Monday's session, making this technical number a key area of resistance. With today's crossing to the downside of the slow stochastics, we would look for continued downside pressure during Wednesday's trading session. Support is set at the 10 and 50-day moving averages, which are currently set at \$55.17 and \$55.10 respectively. Below this level, additional support is set at \$54.27. Resistance is set at \$55.80 and above that at \$56.83.

Fundamental News: According to the latest IEA Oil Market Report, the drone attack on Saudi Arabia's crude oil processing facilities in mid-September cut global crude supply by 1.5 million bpd to 99.3 million bpd. While, noting that demand increased by 800,000 bpd in July and by 1.4 million bpd in August, the IEA lowered its forecast for demand growth in 2019 by 100,000 bpd to 1 million bpd and reduced its forecast for 2020 by the same amount to 1.2 million bpd. It lowered its demand forecast due to lower estimates for global GDP growth in 2019 and 2020 and the prospect of even more supply coming online in 2020. Norway's Johann Sverdrup project is expected to add 440,000 bpd of new production next year and US shale production is expected increase by 900,000 bpd after adding 1 million barrels this year. US production next year is forecast at 13.2 million bpd, according to the US EIA's most recent Short-Term Energy Outlook.

BP's CFO said Tuesday Brent oil prices are finely balanced at around \$60 a barrel but are more likely to move lower than higher in the near term due to the U.S.-China trade dispute. He noted that global oil demand growth had slowed to 900,000 b/d in the third quarter of this year, after jumping by 1.3 million b/d in the 1Q2019 and 1 million b/d in the second quarter.

The U.S. Coast Guard said late Monday it was responding to a 2,520 gallon oil discharge from a storage tank owned by Whitney Oil and Gas in the Pass-a-Loutre Wildlife Management Area in Louisiana.

Representatives of the biofuels sector accused the administration of "rampant abuse" of the so-called Small Refinery Exemptions freeing refineries from their annual ethanol blending obligations, while the country's top refining association argued the program was critical to national security by keeping petroleum fuel producers in business. However the two sides agreed on one thing, namely the administration's recent proposal to remedy the small refinery waiver issue by forcing some bigger refineries to make up for the exempted volumes was a disappointment.

China's CNOOC International said Monday that production has resumed at the Buzzard North Sea field following completion of repairs that had kept the field offline for much of October. Production this year at the field had been running around 120,000 b/d.

Early Market Call - as of 8:45 AM EDT

WTI - Dec \$55.34, down 20 cents

RBOB - Nov \$1.6978, up 1.18 cents

HO - Nov \$1.9528, down 19 points

All NYMEX | Prior Settlements

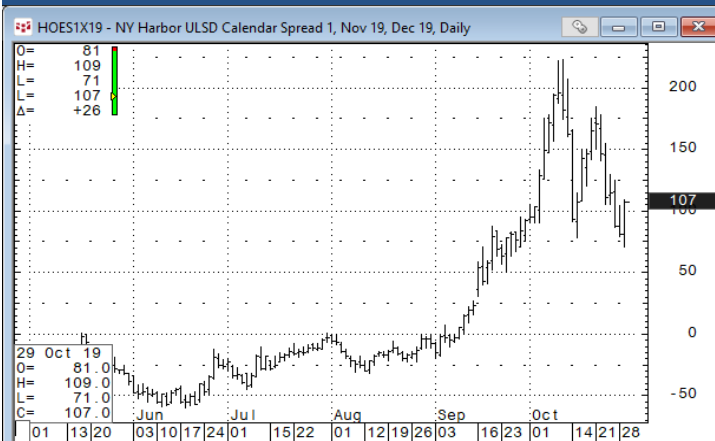
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-19	\$1.9563	-\$0.0055	-\$0.0126
Dec-19	\$1.9459	-\$0.0078	-\$0.0165
Jan-20	\$1.9381	-\$0.0080	-\$0.0208
Feb-20	\$1.9254	-\$0.0081	-\$0.0053
Mar-20	\$1.9072	-\$0.0082	-\$0.0233
Apr-20	\$1.8862	-\$0.0082	-\$0.0248
May-20	\$1.8725	-\$0.0081	-\$0.0254
Jun-20	\$1.8640	-\$0.0081	-\$0.0259
Jul-20	\$1.8615	-\$0.0079	-\$0.0259
Aug-20	\$1.8608	-\$0.0078	-\$0.0260
Sep-20	\$1.8618	-\$0.0077	-\$0.0259
Oct-20	\$1.8634	-\$0.0078	-\$0.0254
Nov-20	\$1.8652	-\$0.0079	-\$0.0249
Dec-20	\$1.8662	-\$0.0078	-\$0.0248
Jan-21	\$1.8665	-\$0.0074	-\$0.0247
Feb-21	\$1.8614	-\$0.0071	-\$0.0240
Mar-21	\$1.8508	-\$0.0073	-\$0.0223

Other Front Month NYMEX		Close	Change
Crude - WTI	Dec Brent-	\$55.5400	-\$0.2700
Crude - Brent	WTI Spread	\$61.5900	\$0.0200
Natural Gas	\$6.05	\$2.5970	\$0.1510
Gasoline		\$1.6857	\$0.0129

API Report for the Week Ending October 25, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 708,000 barrel	Up 2.5 million barrels
Cushing, OK Crude Stocks	Up 1.2 million barrels	Up 1.5 million barrels
Gasoline Stocks	Down 4.7 million barrels	Down 2.5 million barrels
Distillate Stocks	Down 1.6 million barrels	Down 2.4 million barrels
Refinery Runs		Up 0.5% at 85.7%

NYMEX Heating Oil Nov-Dec Spread



NYMEX RBOB Nov-Dec Spread

