

Market Commentary

Recap: Crude oil prices continued to bounce from the extreme sell-off made earlier in the week despite the 10.3 million barrel build in U.S. crude oil inventories as reported by the EIA. The significant stockpile build, combined with growing concern about weakening global demand amid rising production kept the rebound that began Wednesday at bay, pushing U.S. crude oil back below \$57.00 a barrel. However, prices remained steady, as stockpiles declined in both gasoline and distillates. December WTI settled at \$56.46 a barrel, up 21 cents, or 0.37%, while Brent for January delivery tacked on 50 cents, or 0.76%, to settle at \$66.62 a barrel. December RBOB fell 0.3% to \$1.557 a gallon while December heating oil fell 1% to \$2.074 a gallon.

Technical Analysis: The technical rebound off of \$54.48, the 62% retracement set by the October high of \$77.09 and the June low of \$40.50 continued on Thursday, as technical indicators have shifted to the upside. Given how hard and how fast this market came off, the rebound is not surprising. We would look for the spot WTI contract to try and recapture \$58.80, the 50% retracement set by the aforementioned range. Above this level, additional resistance can be found at \$60.00 and \$63.11. Support remains at \$54.48 and below that at \$53.04.

Fundamental News: The EIA reported that US crude oil stocks increased by 10.3 million barrels in the week ending November 9th, the largest build since early December 2017, as production reached a new record and the government released more barrels from its reserves. US crude oil production increased by 100,000 bpd to 11.7 million bpd, the highest on record, while net US crude imports increased by 268,000 bpd. The US Department of Energy had offered about 11 million barrels of oil for sale from the country's SPR to be delivered between October 1st through November 30th and those barrels have been arriving in the market.

Saudi Arabia's Energy Minister, Khalid al-Falih, met with the president of Libya's OPEC delegation and National Oil Corp chief, Mustafa Sanallah. During the meeting, Saudi Arabia's Energy Minister discussed the importance of cooperation between OPEC and non-OPEC oil producers to maintain market stability and welcomed Libya's return to "good production levels."

Bank of America Merrill Lynch said that while it is concerned about US-China trade, it still believes prompt Brent prices will likely move over \$75/barrel in the first half of 2019. It believes that oil is oversold and will likely bounce up from the current levels, as OPEC cuts production in December. It sees WTI prices averaging \$67.30/barrel in 2018 and \$71/barrel in 2019. Meanwhile, it sees Brent prices averaging \$74.10/barrel in 2018 and \$80/barrel in 2019.

Barclays sees Brent oil prices for 2018 at \$73/barrel. It kept its 2019 Brent forecast unchanged at \$72/barrel and continues to see risks skewed to the upside next year.

Gasoline stocks independently held in the Amsterdam-Rotterdam-Antwerp refining and storage hub in the week ending November 15th fell by 4.67% on the week and by 8.36% on the year to 899,000 tons. Gasoil stocks fell by 7.11% on the week but increased by 14.34% on the year to 2.208 million tons while its fuel oil stocks fell by 27.42% on the week and by 29.06% on the year to 913,000 tons. Naphtha stocks fell by 13.41% on the week but increased by 28.41% on the year to 226,000 tons while jet fuel stocks fell by 1.24% on the week and by 14.97% on the year to 636,000 tons.

Colonial Pipeline Co is allocating space for Cycle 66 shipments on Line 20, which carries distillates from Atlanta to Nashville, Tennessee.

Early Market Call - as of 8:00 AM EDT

WTI - Dec \$57.44, up 96 cents

RBOB - Dec \$1.5850, up 2.91 cents

HO - Dec \$2.0927, up 1.91 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-18	\$2.0741	-\$0.0218	-\$0.0942
Jan-19	\$2.0670	-\$0.0202	-\$0.0930
Feb-19	\$2.0581	-\$0.0194	-\$0.0937
Mar-19	\$2.0496	-\$0.0188	-\$0.0943
Apr-19	\$2.0352	-\$0.0180	-\$0.0949
May-19	\$2.0296	-\$0.0173	-\$0.0957
Jun-19	\$2.0284	-\$0.0166	-\$0.0957
Jul-19	\$2.0348	-\$0.0158	-\$0.0954
Aug-19	\$2.0433	-\$0.0147	-\$0.0948
Sep-19	\$2.0538	-\$0.0135	-\$0.0940
Oct-19	\$2.0637	-\$0.0125	-\$0.0933
Nov-19	\$2.0724	-\$0.0112	-\$0.0930
Dec-19	\$2.0790	-\$0.0098	-\$0.0929
Jan-20	\$2.0824	-\$0.0090	-\$0.0925
Feb-20	\$2.0799	-\$0.0086	-\$0.0928
Mar-20	\$2.0755	-\$0.0075	-\$0.0907
Apr-20	\$2.0661	-\$0.0075	-\$0.0894

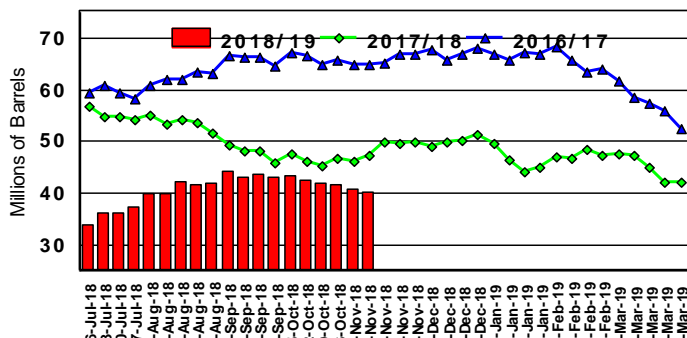
Other Front Month NYMEX		Close	Change
Crude - WTI	Jan Brent-	\$56.6800	\$0.2400
Crude - Brent	WTI Spread	\$66.6200	\$0.5000
Natural Gas	\$9.94	\$4.0380	-\$0.7990
Gasoline		\$1.5566	-\$0.0040

EIA Working Gas Storage Report

	09-Nov-18	02-Nov-18	Change	Year Ago
East	835	831	4	916
Midwest	991	980	11	1,109
Mountain	181	182	-1	221
Pacific	266	265	1	315
South Central	974	949	25	1,214
Salt	272	253	19	340
Nonsalt	702	696	6	873
Total	3,247	3,208	39	3,775

EIA Weekly Petroleum Status Report for the Week Ending November 9, 2018

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 10.3 million barrels

Cushing, OK Crude Stocks Up 1.17 million barrels

Gasoline Stocks Down 1.4 million barrels

Distillate Stocks Down 3.6 million barrels

Refinery % Operated 90.1%, Up 0.1%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Nov 9, 2018	Week Ending Nov 2, 2018	Week Ending Nov 10, 2017
New England	7.5	7.6	7.6
Central Atlantic	22.2	21.8	27.8
Total PADD #1	40.2	40.6	47.4
Distillate Imports (thousands b/d)	226	144	97