

Market Commentary

Recap: Oil prices crept lower on Friday, as Libya lifted its force majeure on oil exports, as its output continues to increase. This, plus the number of coronavirus cases surging across the globe, combined with the lack of another U.S. stimulus plan, pushed December WTI below the psychological level of \$40 a barrel. This spot contract settled at \$39.85 a barrel, down 79 cents, or 1.9%. This is the lowest settlement for a spot contract since Oct. 12. December Brent fell 69 cents, or 1.6%, to settle at \$41.77 a barrel. Based upon the front month contracts, WTI fell 3.1% on the week, while Brent slipped 2.7%. November RBOB shed 1.7% to \$1.1389 a gallon, down 2.6% on the week. November heating oil fell 0.8% to \$1.1513 a gallon, settling down 2.4% on the week.

Technical Analysis: Prices over the past week were taking a hit on both the demand and the supply side. They remain broadly sideways, as traders await a stimulus agreement out of Washington, while the pandemic continues to spread across the U.S. and throughout Europe, as Libya ramps up production. Coming into a fresh week of trading, we expect for prices to continue along their sideways path and would be surprised to see a burst to the upside given the rise in the global number of COVID-19 cases, decreasing demand, a lack of economic stimulus in the U.S. and increasing production out of Libya. For this reason, we would look for long dated spreads to weaken. The Dec20/Dec21 spread had broken above the neckline on an inverted head and shoulders pattern, which is typically a bullish move. At the moment, it appears to be heading back toward the neckline. A break back below the line, should trigger round of technical selling, which could push this spread back to -\$3.00. As for the flat price, this market should continue to see pressure both on the upside and downside, with significant resistance up at \$43.50 and support set at \$36.50.

Fundamental News: Baker Hughes reported that the U.S. oil and gas drilling rig count increased by 5 to 287 in the week ending October 23rd, the highest level since May. It reported that the number of rigs searching for oil increased by 6 to 211, while the number of rigs searching for natural gas fell by 1 to 73.

The United Nations Libya mission said Libya's warring sides signed an agreement for "a permanent ceasefire in all areas of Libya". Separately, an official in eastern Libya said that oil exports were expected to resume from Es Sider port in the coming days. Libya's National Oil Corp lifted a force majeure on exports from the ports of Es Sider and Ras Lanuf. The official spoke after U.N. acting Libya envoy Stephanie Williams said there were good indications that the oil installations at Ras Lanuf and Es Sider ports would be ready to resume output "in a very short period of time". She said all mercenaries and foreign fighters are supposed to depart from Libya within three months of the signing of the Libyan nationwide ceasefire on Friday. The U.N. Secretary-General, Antonio Guterres, said Libya's ceasefire deal is a fundamental step towards peace and stability. He called on Libya's warring sides to respect the ceasefire deal and ensure the implementation of the deal without delay. Meanwhile, the deputy head of the internationally recognized Government of National Accord, Ahmed Maiteeg, said Libya's warring parties will soon start working to produce a single, consolidated state budget. In September, he signed an agreement with the GNA's rival, Khalifa Haftar, head of the eastern-based Libyan National Army to end its eight-month blockade of oil output and exports with a deal to review how revenue was shared. Libya's oil production reached 500,000 bpd this week and will increase to 550,000-560,000 bpd by the end of October and 1 million bpd by the end of the year.

IIR Energy said U.S. oil refiners are expected to shut in 4.5 million bpd of capacity in the week ending October 23rd, cutting available refining capacity by about 195,000 bpd from the previous week.

Early Market Call - as of 9:00 AM EDT

WTI - Dec \$38.79, down \$1.06

RBOB - Nov \$ 1.1230, down 1.59 cents

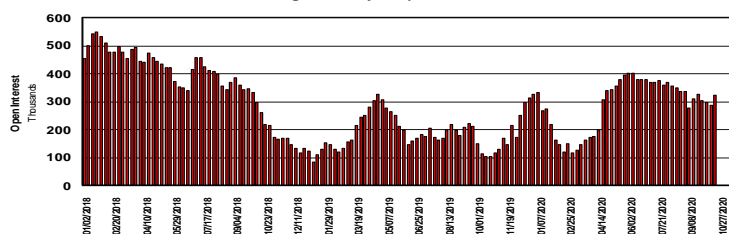
HO - Nov \$1.1219, down 2.94 cents

All NYMEX | Prior Settlements

| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Nov-20 | \$1.1513 | -\$0.0094 | \$0.0278 |
| Dec-20 | \$1.1584 | -\$0.0103 | \$0.0264 |
| Jan-21 | \$1.1719 | -\$0.0111 | \$0.0243 |
| Feb-21 | \$1.1851 | -\$0.0116 | \$0.0234 |
| Mar-21 | \$1.1966 | -\$0.0116 | \$0.0226 |
| Apr-21 | \$1.2050 | -\$0.0115 | \$0.0217 |
| May-21 | \$1.2164 | -\$0.0113 | \$0.0213 |
| Jun-21 | \$1.2275 | -\$0.0111 | \$0.0211 |
| Jul-21 | \$1.2401 | -\$0.0113 | \$0.0214 |
| Aug-21 | \$1.2518 | -\$0.0114 | \$0.0216 |
| Sep-21 | \$1.2638 | -\$0.0112 | \$0.0214 |
| Oct-21 | \$1.2754 | -\$0.0111 | \$0.0210 |
| Nov-21 | \$1.2863 | -\$0.0110 | \$0.0206 |
| Dec-21 | \$1.2952 | -\$0.0107 | \$0.0202 |
| Jan-22 | \$1.3060 | -\$0.0107 | \$0.0203 |
| Feb-22 | \$1.3132 | -\$0.0108 | \$0.0205 |
| Mar-22 | \$1.3160 | -\$0.0108 | \$0.0207 |

| | | Close | Change |
|---------------|------------------------------------|-----------|-----------|
| Crude - WTI | Dec Brent- WTI Spread \$1.92 | \$39.8500 | -\$0.7900 |
| Crude - Brent | | \$41.7700 | -\$0.6900 |
| Natural Gas | | \$2.9710 | -\$0.0360 |
| Gasoline | | \$1.1389 | -\$0.0192 |

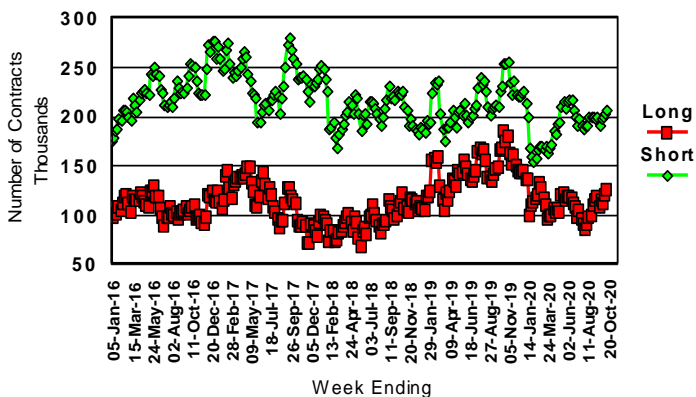
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending October 20, 2020

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

