

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil prices ended slightly lower on Thursday, as rising cases of the coronavirus prompted fresh lockdowns in Europe, raising concern that additional shutdowns will follow, thereby decreasing demand. The bigger than expected 3.8 million barrel decline in U.S. crude oil inventories lead to a rebound, which pushed prices off of near session lows. November WTI lost 8 cents, or 0.2%, to settle at \$40.96 a barrel. It was trading at \$39.75 just before the release of the EIA report. December Brent fell 16 cents or 0.4%, to \$43.16 a barrel. Encouraged by an increase in implied demand, distillate inventories fell 7.2 million barrels, while gasoline supplies slipped 1.6 million barrels, as implied demand for this product slipped. November heating oil lost 0.3%, to settle at \$1.187 a gallon, while November RBOB fell 1.4%, to \$1.18 a gallon.

**Technical Analysis:**

WTI fell significantly early in the session, plummeting below key support set at \$40, as the U.S. dollar showed signs of strength. Prices whipsawed after the release of the EIA report, with November WTI recapturing the \$40 level once again. At this point, traders appear unwilling to take a notable stand, but for the most part, have remained somewhat neutral to the developments on the coronavirus, as this market continues to trend sideways. WTI has managed to hover around the \$40 level despite some cities reapplied lockdowns, while OPEC+ hints of production increases. With the 10-day moving average crossing above the 50-day moving average, we would look for a bit of a pop. A break above \$41.42 will open up the opportunity for a run toward the 200-day moving average, which is currently set at \$44.28. Support is set at \$40 and below that at \$39.

**Fundamental News:** The Bureau of Safety and Environmental Enforcement said a total of 23.77% or 439,823 of crude oil output in the Gulf of Mexico remains shut in as of Thursday. It also reported that a total of 12.18% or 330.04 mcf/d of natural gas production remains shut following Hurricane Delta.

Platts is reporting that more than 1 million metric tons of ULSD are in floating storage in Europe currently.

OPEC's Secretary General, Mohammad Barkindo, said the OPEC+ alliance will ensure oil prices do not fall steeply again when it meets to set policy at the end of November, adding that demand has been recovering more slowly than expected. He stated that when OPEC+ holds its ministerial meetings on November 30<sup>th</sup> and December 1<sup>st</sup> it will take stock of the whole year to inform any decision to stay the course or amend its policy.

An OPEC+ technical committee discussed higher oil supply as production resumes in Libya amid a weaker demand outlook due to a second wave of coronavirus infections. The Joint Technical Committee met to review compliance with global oil output cuts and to review the oil market.

OPEC sources stated that OPEC+ made little progress in September in compensating for overproduction in previous months. The volume of compensatory cuts stood at 2.33 million bpd in September, down from 2.38 million bpd in August.

Illinois regulators late on Wednesday approved an expansion of the Dakota Access oil pipeline, rejected a bid by environmental groups to block the project. The Dakota Access Pipeline can transport about 570,000 bpd of crude oil from North Dakota to the Midwest, with connections to the Gulf Coast. The Illinois Commerce Commission said additional pumping stations and equipment needed for the pipeline's capacity to be nearly doubled to 1.1 million bpd are necessary and would promote the security and convenience of the public.

**Early Market Call - as of 8:20 AM EDT**

WTI - Nov \$40.55, down 41 cents

RBOB - Nov \$1.1612, down 1.88 cents

HO - Nov \$1.1738, down 1.49 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-20	1.1887	-0.0038	0.0036
Dec-20	1.1941	-0.0048	0.0091
Jan-21	1.2052	-0.0054	0.0114
Feb-21	1.2172	-0.0051	0.0126
Mar-21	1.2274	-0.0049	0.0131
Apr-21	1.2344	-0.0045	0.0128
May-21	1.2449	-0.0040	0.0119
Jun-21	1.2555	-0.0038	0.0122
Jul-21	1.2686	-0.0039	0.0131
Aug-21	1.2807	-0.0041	0.0138
Sep-21	1.2929	-0.0040	0.0142
Oct-21	1.3044	-0.0037	0.0141
Nov-21	1.3149	-0.0033	0.0136
Dec-21	1.3237	-0.0029	0.0129
Jan-22	1.3347	-0.0026	0.0124
Feb-22	1.3423	-0.0022	0.0121
Mar-22	1.3455	-0.0019	0.0124

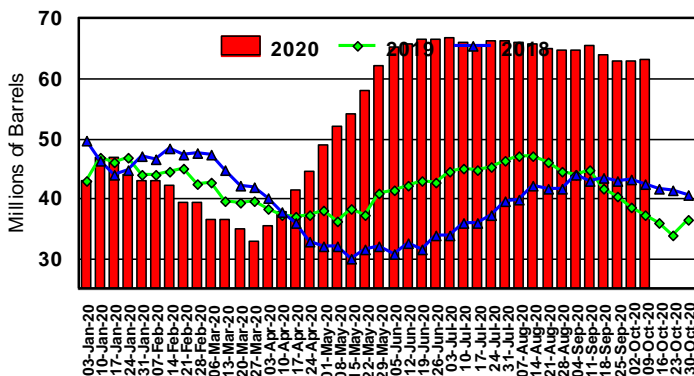
		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$1.92	\$41.2400	-\$0.0800
Crude - Brent		\$43.1600	-\$0.1600
Natural Gas		\$2.7750	\$0.1390
Gasoline		\$1.1800	-\$0.0171

### EIA Working Gas Storage Report

	09-Oct-20	02-Oct-20	Change	Year Ago
East	908	893	15	873
Midwest	1,081	1,062	19	1,034
Mountain	241	236	5	204
Pacific	320	318	2	296
South Central	1,326	1,322	4	1,082
Salt	366	366	0	241
Nonsalt	960	955	5	841
Total	3,877	3,831	46	3,489

## Weekly EIA Petroleum Status Report for the Week Ending October 9, 2020

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 3.818 million barrels

Cushing, OK Crude Stocks Up 2.906 million barrels

**Gasoline Stocks** Down 1.626 million barrels

**Distillate Stocks** Down 7.245 million barrels

**Refinery % Operated** 75.1%, down 2%

#### PADD #1

Distillate Stocks (in million bbls)	Week Ending Oct 9, 2020	Week Ending Oct 2, 2020	Week Ending Oct 11, 2019
New England	11.7	12.2	7.2
Central Atlantic	35.9	36.6	19.3
Total PADD #1	63.1	62.9	37.3
Distillate Imports (thousands b/d)	109	200	187