

## Market Commentary

**Recap:** After drifting lower in overnight trading, oil prices reversed course as they received a boost from a rebound in equity markets and after the Saudi energy minister signaled major producers may have to step in and support oil prices. Prices rose almost 1 percent on Thursday after setting up for an 8% monthly loss on Tuesday. The lack of follow through on the break below \$66.00 was met with technical buying, which pushed December WTI toward resistance set at \$67.72. Gains were pared, with this spot contract settling at \$67.33 a barrel, up 51 cents, or 0.76%. Brent for December delivery tacked on 72 cents, or 0.95%, to settle at \$76.89 a barrel. November RBOB fell 0.5%, to \$1.813 a gallon, while November heating oil gained almost 1.2%, to settle at \$2.278 a gallon.

### Technical Analysis

December WTI remains above the 200-day moving average currently set at \$65.58, while moving oscillators are set low in oversold territory. This spot contract appears poised to test the 10-day moving average currently set at \$69.32. A break above this average sets up for a move at \$70.00. Previous attempts to trade above this level have been met with great difficulty. Above \$70.00, additional resistance is set at \$70.70. Support is set at the current 200-day moving average of \$65.58 and below that at \$62.39.

**Fundamental News:** The Saudi Oil minister said Thursday that Saudi Arabia and Russia have agreed to extend their production agreement to preserve oil stability. He noted the two nations will work "...together, along with the heads of other producing states to prevent the market from falling out of balance." Meanwhile Saudi Arabia's OPEC Governor told Reuters the market could be shifting towards an oversupply situation as evidenced by rising inventories over the past few weeks. As a result if true it will need to "mirror" such changes in its production.

Russia's energy minister told reporters Thursday the oil market is currently in balance despite volatile inventory levels. He said that the inventory situation will become clearer in a month. Meanwhile the CEO of Rosneft said the company could increase crude oil production by the end of the year.

An OPEC and non-OPEC ministerial panel concluded Thursday that global oil supply is "very comfortable" compared to demand and warned producers may need a change in production policy because of rising inventories and economic uncertainties. The committee can make recommendations but does not set policy. OPEC is scheduled to meet next in December.

The Saudi Arabian public prosecutor said on Thursday the murder of Jamal Khashoggi was premeditated, reversing previous official statements that the killing had been unintended. Meanwhile U.S. CIA Director Haspel was scheduled to brief President Trump on her recent visit with Turkish authorities and review of Turkish evidence surrounding the case.

Genscape reported Thursday morning that it estimates Cushing crude oil stocks as of Tuesday stood at 33 million barrels up nearly 1.8 million barrels from the previous week.

PJK International reported Thursday for the week ending October 25<sup>th</sup>, gasoil stocks declined for the second consecutive week dropping by 313,000 tonnes to 2.561 million tonnes. Gasoil stocks are still some 14.4% higher than a year ago. Gasoline stocks meanwhile increased on the week by 8,000 tonnes to 996,000 tonnes, nearly 30% higher than a year ago.

### Early Market Call - as of 8:58 AM EDT

WTI - Dec \$66.66 down 67 cents

RBOB - Nov \$1.7871 down 2.58 cents

HO - Nov \$2.2742 down 39 points

## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Nov-18	\$2.2781	\$0.0260	-\$0.0168
Dec-18	\$2.2784	\$0.0255	-\$0.0180
Jan-19	\$2.2782	\$0.0242	-\$0.0198
Feb-19	\$2.2735	\$0.0229	-\$0.0221
Mar-19	\$2.2659	\$0.0219	-\$0.0241
Apr-19	\$2.0000	\$0.0000	-\$0.2795
May-19	\$2.0000	\$0.0000	-\$0.2737
Jun-19	\$2.2466	\$0.0200	-\$0.0237
Jul-19	\$2.2507	\$0.0201	-\$0.0232
Aug-19	\$2.2559	\$0.0202	-\$0.0230
Sep-19	\$2.2621	\$0.0202	-\$0.0231
Oct-19	\$2.2678	\$0.0201	-\$0.0238
Nov-19	\$2.2726	\$0.0198	-\$0.0250
Dec-19	\$2.2762	\$0.0198	-\$0.0262
Jan-20	\$2.2787	\$0.0205	-\$0.0251
Feb-20	\$2.2732	\$0.0209	-\$0.0231
Mar-20	\$2.2626	\$0.0209	-\$0.0220

## Sprague Heat Curve Nov-March \$2.2750

Other Front Month NYMEX	Close	Change
Crude - WTI	\$67.3300	\$0.5100
Crude - Brent	\$76.8900	\$0.7200
Natural Gas	\$3.2020	\$0.0360
Gasoline	\$1.8129	-\$0.0094

## EIA Working Gas Storage Report

	19-Oct-18	12-Oct-18	Change	Year Ago
East	825	812	13	913
Midwest	934	908	26	1,078
Mountain	177	177	0	224
Pacific	262	264	-2	315
South Central	896	877	19	1,171
Salt	218	203	15	311
Nonalt	678	673	5	859
Total	3,095	3,037	58	3,701

## Sprague Weighted Heat Curve

## NYMEX Dec Heat Crack

### Sprague Heat Curve: November 2018 - March 2019

