

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures fell Thursday, as the spiraling number of coronavirus cases triggered tightening restrictions in Europe and the U.S.; leading to increasing concerns that the already weak demand for energy would be further impacted. WTI experienced its widest trading range since September 8, as it fell to its lowest level in five months. The December contract slipped \$1.22, or 3.3%, to settle at \$36.17 a barrel, the lowest settlement for a spot contract since June 1. Month to date, prices were down about 10%. December Brent fell \$1.47, or 3.8%, to \$37.65 a barrel, with prices for the front-month contract finishing at their lowest level since May 29. November RBOB lost 2.8% to \$1.0515 a gallon and November heating oil declined by 2.3% to \$1.0884 a gallon. The November contracts expire at the end of Friday's trading session.

Technical Analysis:

December WTI plunged through key support at \$36.93, with the push through the near triple bottom at \$36.50 leading to an acceleration of the move. This spot contract dipped just below the \$35 level, where we saw a bounce back above \$36. At this point, we would look for signs of exhaustion in this market for selling opportunities. Support is set at the May low of \$34.45. A break below this level could foster a drop toward the \$30 level. Resistance is set at \$37.75 and above that at \$38.83.

Fundamental News:

OPEC and industry sources said the UAE, Kuwait and Iraq are debating whether they should roll over existing oil supply cuts into 2021, as they struggle to stick to their agreed reductions. Their hesitance raises the possibility of reviewing output targets when OPEC meets in November to decide on its production policy and could create further friction within OPEC+ group, complicating efforts to rebalance the market amid weak global demand. Saudi Arabia and Russia are in favor of continuing with their current oil production cuts of around 7.7 million bpd into next year, rather than easing them by 2 million bpd from January. The UAE is finding it difficult to continue the cuts because of its deals with international oil companies and that the baseline production used for cuts is too low compared with its output capacity.

The U.S. Bureau of Safety and Environmental Enforcement said energy companies kept 85% or 1,569,517 bpd of offshore crude oil production in the U.S.-regulated northern Gulf of Mexico shut on Thursday after Hurricane Zeta made landfall. It also reported that 58% or 1.6 billion cubic feet/day of natural gas output remains shut in.

Russia's President, Vladimir Putin, praised his U.S. counterpart, Donald Trump, on Thursday for his role in stabilizing global oil markets, but criticized his administration for sanctioning Russia 46 times. He made the comments at an investment forum in Russia five days before Trump runs against Democratic rival Joe Biden in the U.S. presidential election on November 3rd.

The U.S. economy grew at an unrivaled pace in the third quarter as the government poured out more than \$3 trillion worth of pandemic relief which fueled consumer spending. The U.S. Commerce Department said GDP rebounded at a 33.1% annualized rate last quarter. That was the fastest pace since the government started keeping records in 1947 and followed a historic contraction rate of 31.4% in the second quarter. On a year-on-year basis GDP increased 7.4% last quarter after falling 9% in the April-June period.

Early Market Call - as of 8:25 AM EDT

WTI - Dec \$36.10, down 7 cents
 RBOB - Nov \$1.0483, down 32 points
 HO - Nov \$1.0866, down 18 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-20	1.0884	-0.0258	0.0723
Dec-20	1.0869	-0.0264	0.0818
Jan-21	1.0933	-0.0288	0.0897
Feb-21	1.1016	-0.0311	0.0951
Mar-21	1.1106	-0.0326	0.0976
Apr-21	1.1176	-0.0335	0.0989
May-21	1.1291	-0.0330	0.0986
Jun-21	1.1416	-0.0321	0.0970
Jul-21	1.1551	-0.0316	0.0963
Aug-21	1.1680	-0.0310	0.0952
Sep-21	1.1814	-0.0304	0.0936
Oct-21	1.1941	-0.0298	0.0924
Nov-21	1.2060	-0.0293	0.0913
Dec-21	1.2160	-0.0288	0.0899
Jan-22	1.2277	-0.0284	0.0890
Feb-22	1.2361	-0.0280	0.0879
Mar-22	1.2401	-0.0275	0.0867

		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$1.48	\$36.1700	-\$1.2200
Crude - Brent		\$37.6500	\$1.4700
Natural Gas		\$3.3010	\$0.0100
Gasoline		\$1.0515	-\$0.0299

	16-Oct-20	16-Oct-20	Change	Year Ago
East	941	923	18	909
Midwest	1,118	1,105	13	1,088
Mountain	245	245	0	210
Pacific	323	323	0	298
South Central	1,329	1,329	0	1,165
Salt	360	360	0	286
Nonsalt	968	969	-1	880
Total	3,955	3,926	29	3,670

WTI Forward Curve

ICE January Brent-WTI Spread

