

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices headed south on Tuesday, during a choppy trading session, on mounting concern over what impact the U.S. – China trade dispute would have on the global economy and fuel demand. Oil prices also continue to be pressured by rising U.S. crude oil inventories, which are expected to rise for the sixth straight week. Prices hit their bottom early in the session, with December Brent falling to a low of \$75.09 a barrel, a 2.9% drop, while December WTI fell 2.5%, to a low of \$65.33 a barrel. Losses were pared prior to the settlement period, with December Brent settling at \$75.91 a barrel, down \$1.43, or 1.85%, while WTI for December delivery fell 86 cents, or 1.28%, to settle at \$66.18 a barrel. November RBOB lost 1%, to settle at \$1.806 a gallon, while November heating oil settled at \$2.26 a gallon, down 1.1%. Both contracts expire at Wednesday's settlement.

Technical Analysis

December WTI held the ascending trend line set at \$65.33, validating its stance as a level of support. This line will remain our near term support level, with breaks below it allowing for a run at the \$63.00. Resistance is set at \$68.37 and \$69.99.

Fundamental News:

According to oil tanker data, analysts at Sanford C. Bernstein & Company estimate OPEC's oil exports decreased by 800,000 b/d to 24.8 million b/d in October, the lowest monthly total since April 2017. The decline was partly due to production declines in Iran, Venezuela and Libya.

The executive director of the IEA warned that high oil prices are hurting consumers and could also have adverse implications for producers. He also noted that OPEC production restraint is not the right course of action, since global oil demand is still strong. This coupled with loss of additional Iranian oil combined with loss of oil from Venezuela and Angola will most likely result in the global oil market tightening next month.

The CEO of Vitol said Tuesday the oil markets will likely soften next year due to demand worries surrounding trade wars and weakness in emerging market economies. As a result the company revised downward its internal estimate for demand growth next year by 200,000 b/d to 1.3 million b/d. He noted that the crude markets are not tight in the immediate term and a fair price of oil going into next year is probably closer to "\$65-\$70 per barrel level than the \$85-\$90 area that some people are talking about." He is looking for Iranian exports to be above 1 million b/d.

BP's Chief Financial Officer said Tuesday that he thought a major oil price correction is unlikely. He also expects organic cash breakeven point at \$50 per barrel in 2018.

Energy Transfer said it has delayed the restart of its West Texas Gulf pipeline by a day and now expects to restart the pipeline Wednesday. The pipeline has been down since October 10th.

Platts reported the scheduled down time for PBF's 160,000 b/d Paulsboro refinery and Monroe Energy's 190,000 b/d trainer refinery are still scheduled to be completed by early November.

Early Market Call - as of 10:17 AM EDT

WTI - Dec \$ 65.96 down 22 cents
 RBOB - Nov \$1.7854 down 2.05 cents
 HO - Nov \$2.2629 up 29 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-18	\$2.2598	-\$0.0245	\$0.0114
Dec-18	\$2.2594	-\$0.0247	\$0.0095
Jan-19	\$2.2574	-\$0.0252	\$0.0063
Feb-19	\$2.2518	-\$0.0259	\$0.0041
Mar-19	\$2.2435	-\$0.0264	\$0.0022
Apr-19	\$2.2326	-\$0.0266	\$0.0006
May-19	\$2.2271	-\$0.0263	-\$0.0008
Jun-19	\$2.2248	-\$0.0257	-\$0.0005
Jul-19	\$2.2298	-\$0.0253	\$0.0003
Aug-19	\$2.2362	-\$0.0249	\$0.0017
Sep-19	\$2.2437	-\$0.0244	\$0.0033
Oct-19	\$2.2505	-\$0.0238	\$0.0045
Nov-19	\$2.2562	-\$0.0233	\$0.0050
Dec-19	\$2.2608	-\$0.0222	\$0.0059
Jan-20	\$2.2638	-\$0.0220	\$0.0059
Feb-20	\$2.2593	-\$0.0215	\$0.0080
Mar-20	\$2.2498	-\$0.0210	\$0.0096

Sprague Heat Curve November 18- March 19 \$2.2544

Other Front Month NYMEX		Close	Change
Crude - WTI	Dec Brent-	\$66.1800	-\$0.8600
Crude - Brent	WTI Spread	\$75.9100	-\$1.4300
Natural Gas	\$8.83	\$3.1870	-\$0.0110
Gasoline		\$1.8059	-\$0.0190

API Weekly Report for the Week Ending October 26, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Up 5.7 million barrels	Up 3.3/3.7 million barrels
Cushing, OK Crude Stocks	Up 14.4 million barrels	Up 1.5/1.6 million barrels
Gasoline Stocks	Down 3.5 million barrels	Down 2.1/2.3 million
Distillate Stocks	Down 3.1 million barrels	Down 1.8/2.4 million
Refinery Runs	Down 110,000 bpd	Up 0.2%/0.4%

NOAA 8-14 Day Temperature Outlook

NYMEX DEC ULSD

