

Market Commentary

Recap: Oil futures settled lower on Monday, as U.S. equities fell to a two-month low as the number of coronavirus cases continued to rise across the globe. Prices were also pressured by the possible return of crude output from Libya following reports that Libyan military commander Khalifa Haftar will lift an eight-month blockage of crude exports that had shut nearly all of the country's production. Oil prices fell as much as 6% during the trading session and experienced their widest trading range since September 8. Losses were trimmed prior to the settlement period. October WTI oil fell 1.80, or 4.4%, to settle at \$39.31 a barrel. November Brent settled at \$41.44 a barrel, down \$1.71, or 4%. October RBOB shed 4.8% to close at \$1.1771 a gallon, while October heating oil shed 4.5%, to settle at \$1.173 a gallon.

Technical Analysis: Once again, WTI failed to gain enough momentum to hold above \$40 a barrel, as concern over COVID-19 and its impact on demand continues to overshadow other outside influences. November WTI sliced through the 50 and 10-day moving averages. This is a significant move. We would continue to look to sell rallies up toward the \$40, as the main trend remains to the down side. Ultimately, and in the near term, we would look for a push toward the \$36 dollar level. Below \$36, additional support is set at \$34.99. Above \$40, there is resistance set at 44.52, the 50% retracement provided by the January high of \$75.01 and the April low of \$7.82.

Fundamental News: Royal Dutch Shell said drilling operations at Mars, an offshore platform in the Gulf of Mexico, have been suspended due to Tropical Storm Beta. On Friday, it shut operations at its Perdido platform. Occidental Petroleum Corp also began implementing storm procedures. Chevron Corp has not evacuated staff and there was no impact from storm Beta on production at its operated facilities. Tropical Storm Beta is getting closer to the coast of central Texas, according to the National Hurricane Center. It is located about 45 miles southeast of Port O'Connor, Texas with sustained winds of 45 mph.

The U.S. Coast Guard closed the ports of Houston, Galveston, Texas City and Freeport, Texas, ahead of Tropical Storm Beta, which is expected to make landfall by Tuesday on the central Texas coast.

Workers at Libya's major Sharara field resumed operations after National Oil Corporation announced a partial lifting of force majeure. According to engineers working at the field said flaring had restarted at the field and added that engineers had been returning to the area since Wednesday. It was unclear when production might restart and there was no immediate comment from the NOC. Two other NOC companies said they had issued directives to staff to start working to prepare to recommence production as soon as possible. On Saturday Libya lifted force majeure on what it described as "safe" fields and ports but the measure would remain in place for facilities where fighters remain. The NOC has said facilities were degraded during the shutdown and during years of conflict, which could slow any recovery. Meanwhile, Arabian Gulf Oil Co which had been producing around 300,000 bpd early last year, said it was ordering staff to start operations to prepare for a resumption in output as soon as possible. Sirte Oil Co, another NOC company, said it had issued a directive to all staff to take the necessary measures to prepare for the start of production as soon as possible.

According to Refinitiv Eikon shipping data, the Marlin Shikoku oil tanker is making its way to Libya's Marsa El Hariga terminal.

OPEC sources stated that OPEC and its allies are watching efforts to resume oil output in Libya very closely. A restart in Libya's production could force other producers to make further reduction to support prices.

Early Market Call - as of 8:55 AM EDT

WTI - Oct \$39.60, up 29 cents

RBOB - Oct \$1.1718, down 53 points

HO - Oct \$1.1079, up 6 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-20	1.1073	-0.0517	-0.0139
Nov-20	1.1188	-0.0513	-0.0093
Dec-20	1.1365	-0.0511	-0.0094
Jan-21	1.1573	-0.0497	-0.0118
Feb-21	1.1752	-0.0486	-0.0133
Mar-21	1.1884	-0.0478	-0.0138
Apr-21	1.1955	-0.0474	-0.0139
May-21	1.2056	-0.0473	-0.0133
Jun-21	1.2180	-0.0469	-0.0131
Jul-21	1.2351	-0.0465	-0.0137
Aug-21	1.2510	-0.0463	-0.0140
Sep-21	1.2659	-0.0460	-0.0145
Oct-21	1.2797	-0.0460	-0.0147
Nov-21	1.2915	-0.0458	-0.0146
Dec-21	1.3018	-0.0449	-0.0151
Jan-22	1.3142	-0.0446	-0.0155
Feb-22	1.3229	-0.0441	-0.0157

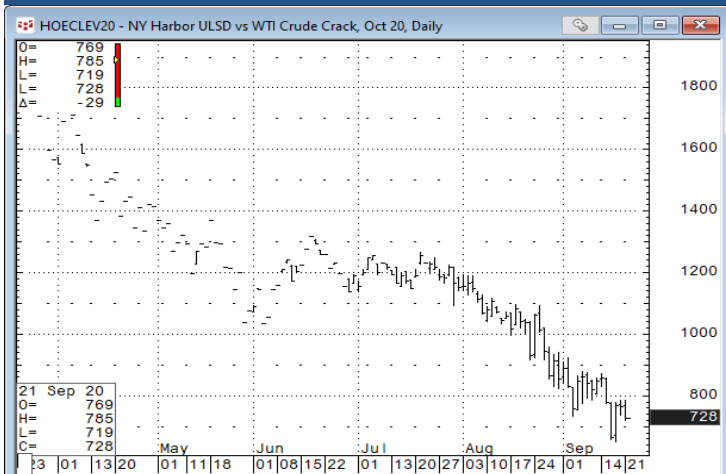
Sprague Heat Weighted Strip October -April 20/2021 \$1.1571

	Close	Change
Crude - WTI	\$39.5400	-\$1.7800
Crude - Brent	\$41.4400	-\$1.7100
Natural Gas	\$1.8350	-\$0.2130
Gasoline	\$1.1771	-\$0.0595

ICE November Brent-WTI Spread



October Heating Oil Crack Spread



October RBOB Crack Spread

