

Market Commentary

Recap: Oil prices fell on Thursday, marking the fourth consecutive session of declines, after a round of lackluster factory data out of China, and a news report that said Chinese officials have doubts over prospects for a long-term trade deal with the U.S. December WTI fell \$1.35, or 2.4%, hitting a session low of \$53.71 a barrel, while Brent for December delivery fell 54 cents, or 0.89% to \$60.07 a barrel. While U.S./China trade relations continue to weigh on the demand outlook for oil, rising U.S. crude inventories are adding extra pressure. WTI settled at its lowest level in over a week, with the December contract settling at \$54.18 a barrel, down 88 cents, or 1.6%, while December Brent went off the board trading at \$60.23 a barrel, down 38 cents, or .63%. November RBOB fell 2% to \$1.6312 a gallon, with front-month prices up 1.6% for the month, while November heating oil was off 1.9% at \$1.8780 a gallon, settling with a monthly loss of nearly 1.5%. The November contracts expired at the settlement.

Technical Analysis: After its initial break above the 10 and 50-day moving averages, December WTI broke to the downside. This move lower forced a crossing of the 10-day moving average below the 50-day moving average, indicating underlying weakness. With this in mind, we would look for additional moves lower, with this spot contract making a run at the \$52.50 level. Below this level additional support is set at \$51.40. Resistance is set between \$54.96 and \$55.06 and above that at \$55.42.

Fundamental News: According to a Reuters survey, OPEC's oil output increased in October from an eight-year low as a rapid recovery in Saudi Arabian production from attacks on oil plants more than offset losses in Ecuador and cuts under the OPEC and non-OPEC production agreement. OPEC's total oil production in October increased by 690,000 bpd on the month to 29.59 million bpd. Saudi Arabia produced 9.9 million bpd, up 850,000 bpd on the month. The 11 OPEC members bound by the output cut agreement has been exceeding the pledged cuts. Compliance fell to 140% in October from 222% in September due to an increase in Saudi output.

The EIA reported that US crude oil production increased by 599,000 bpd to 12.365 million bpd in August. Production in the Gulf of Mexico increased 469,000 bpd in August, while output from Texas increased by 98,000 bpd and North Dakota increased by 28,000 bpd.

Russia cut its oil output to 11.23 million bpd so far in October, representing a 73% compliance rate with the OPEC and non-OPEC output cut agreement. The country's output in September was 11.25 million bpd.

Alberta's Energy Minister, Sonya Savage, said the Canadian province would allow companies to produce additional oil if they move it by rail, easing curtailments that were designed to reduce transport bottlenecks. The special production allowance takes effect in December. Alberta introduced mandatory production curtailments from January 1st this year to ease congestion on export pipelines. In August, Premier Jason Kenney's government extended those curtailments into 2020 because of slow progress in building new pipelines.

According to a Reuters survey, oil prices are likely to be pressured this year and next as low demand from a slowing global economy and an increase in US shale output offset support from OPEC production cuts and Middle East risks. Brent is forecast to average \$64.16/barrel in 2019 and \$62.38/barrel in 2020. This is compared to a previous forecast of \$65.19/barrel for 2019 and \$63.56/barrel for 2020 and an average oil price so far this year of \$64.63. The 2019 outlook for WTI crude was slightly reduced to \$57.18/barrel from last month's forecast of \$57.96/barrel, while the 2020 projection was at \$56.98/barrel, compared with a previous forecast of \$58.02/barrel.

Early Market Call - as of 8:35 AM EDT

WTI - Dec \$54.86, up 68 cents

RBOB - Nov \$1.6200, up 2.57 cents

HO - Nov \$1.8999, up 2.36 cents

All NYMEX | Prior Settlements

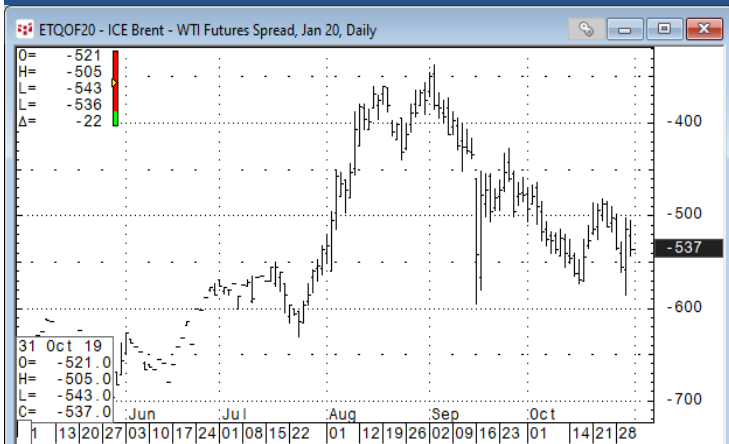
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Nov-19	1.8780	-0.0356	0.1083
Dec-19	1.8758	-0.0264	0.0990
Jan-20	1.8683	-0.0267	0.0958
Feb-20	1.8568	-0.0262	0.1094
Mar-20	1.8395	-0.0262	0.0907
Apr-20	1.8191	-0.0264	0.0889
May-20	1.8068	-0.0256	0.0872
Jun-20	1.7995	-0.0249	0.0853
Jul-20	1.7980	-0.0242	0.0836
Aug-20	1.7982	-0.0238	0.0819
Sep-20	1.7998	-0.0237	0.0808
Oct-20	1.8019	-0.0236	0.0801
Nov-20	1.8038	-0.0240	0.0796
Dec-20	1.8051	-0.0242	0.0784
Jan-21	1.8067	-0.0237	0.0763
Feb-21	1.8029	-0.0230	0.0746
Mar-21	1.7938	-0.0220	0.0734

Other Front Month NYMEX		Close	Change
Crude - WTI	Dec Brent-	\$54.1800	-\$0.8800
Crude - Brent	WTI Spread	\$60.2300	-\$0.3800
Natural Gas	\$6.05	\$2.6330	-\$0.0580
Gasoline		\$1.6312	-\$0.0333

EIA Working Gas Storage Report

	25-Oct-19	18-Oct-19	Change	Year Ago
East	913	898	15	826
Midwest	1,095	1,069	26	953
Mountain	211	208	3	180
Pacific	298	297	1	262
South Central	1,178	1,134	44	916
Salt	293	268	25	232
Nonsalt	885	866	19	685
Total	3,695	3,606	89	3,136

ICE January Brent-WTI Spread



NYMEX December WTI

