

## Market Commentary

**Recap:** Oil prices fell on Wednesday after U.S. crude oil inventories rose for the sixth straight week. According to the EIA, crude oil inventories rose 3.2 million barrels, matching analyst's expectations. Prices posted their largest monthly decline in more than 2 years, pressured by increasing production, global economic woes and the possibility that demand will dwindle. December WTI fell as much as 1.7%, as it traded below \$65.37, the 200-day moving average, while the expiring December Brent contract fell 0.64%, to a low of \$75.42. Gains were slightly pared coming into the settlement period, with December WTI settling at \$65.31 a barrel, down 37 cents, or 1.31%, while December Brent went off the board at \$75.47 a barrel, down 44 cents, or 0.58%. November RBOB settled at \$1.768 a gallon, down 2.1% for the session with prices, based on the front-month contract, tallying a monthly loss of 15.9%. November heating oil tacked on nearly 0.1% to \$2.262 a gallon, for a monthly decline of 3.8%. The November contracts expired at the day's settlement.

### Technical Analysis

December WTI settled below the long standing ascending trend line set at \$65.53 for the first time since its inception back in June of 2017. A retreat back toward the trend line, followed by a failure to settle back above it will validate the break below, and will most likely be followed by further downside movement. Support is set at \$64.25 and \$63.48. Resistance comes in at \$65.39 and \$67.37.

**Fundamental News:** Philadelphia Energy Solutions has reportedly cut operating rates at its 335,000 b/d refinery complex over the past 24 hours due to crude supply issues. The company reportedly was in the cash markets buying F4 RBOB gasoline on Wednesday.

Nigeria's oil minister's said he expects OPEC and its allies will likely keep oil production policy steady when they meet in December, since current oil prices of \$70 per barrel suits all members. But the oil minister also said new supply from around the world, such as U.S. shale projects and Nigeria's planned expansion of 200,000 b/d of production from the Egina oil field in 1Q2019 could swell global output by between 1-2 million b/d next year and force OPEC+ alliance to consider restraining supplies again.

A Reuters survey released Wednesday showed that OPEC pumped some 33.31 million b/d in October, up 390,000 b/d from September and the highest level seen by OPEC since December 2016. The biggest contributors to this increase in production came from the UAE and Libya.

The EIA reported that U.S. crude oil production in August surged by 416,000 b/d from the prior month, reaching a record 11.346 million b/d. This was the biggest monthly increase in production since October 2008. Oil production from federal offshore waters of the Gulf of Mexico rose to a new monthly record high of 1.9 million b/d

Canadian oil producer Cenovus Energy said on Wednesday it was limiting output due to severe discounts for heavy crude oil. While the company did not detail how much production it was restricting, it did say it had slowed output both at its Foster Creek and Christina Lake sites. The discount on Canadian heavy crude oil exported to the United States widened to a new record in October. The company expects to see some price recovery by the middle of 2019 as increased rail volumes ease transport bottlenecks. The company said it expects industry wide rail volumes to reach 300,000 b/d by year end, up from 230,000 b/d shipped in August.

### Early Market Call - as of 9:15 AM EDT

WTI - Dec \$65.38 up 7 cents

RBOB - Dec \$1.7551 up 37 points

HO - Dec \$2.2512 down 2 points

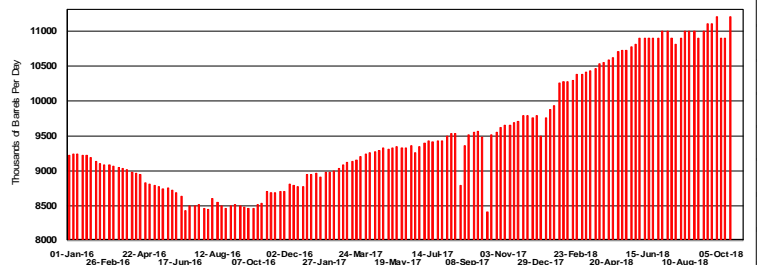
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-18	\$2.2618	\$0.0020	\$0.0097
Dec-18	\$2.2514	-\$0.0080	-\$0.0015
Jan-19	\$2.2485	-\$0.0089	-\$0.0055
Feb-19	\$2.2428	-\$0.0090	-\$0.0078
Mar-19	\$2.2342	-\$0.0093	-\$0.0098
Apr-19	\$2.2225	-\$0.0101	-\$0.0118
May-19	\$2.2165	-\$0.0106	-\$0.0131
Jun-19	\$2.2136	-\$0.0112	-\$0.0130
Jul-19	\$2.2185	-\$0.0113	-\$0.0121
Aug-19	\$2.2247	-\$0.0115	-\$0.0110
Sep-19	\$2.2318	-\$0.0119	-\$0.0101
Oct-19	\$2.2382	-\$0.0123	-\$0.0095
Nov-19	\$2.2437	-\$0.0125	-\$0.0091
Dec-19	\$2.2480	-\$0.0128	-\$0.0084
Jan-20	\$2.2504	-\$0.0134	-\$0.0078
Feb-20	\$2.2459	-\$0.0134	-\$0.0064
Mar-20	\$2.2364	-\$0.0134	-\$0.0053

## Sprague Heat Curve Nov-March \$2.2471

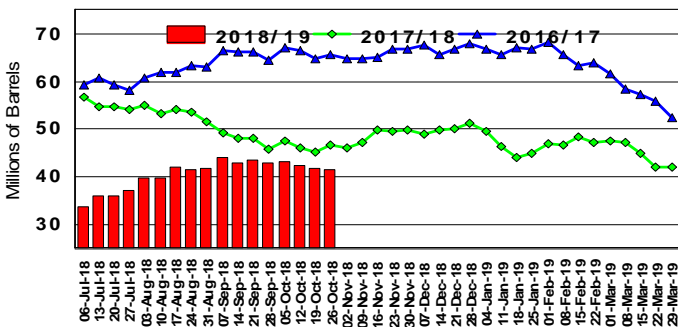
Other Front Month NYMEX	Close	Change
Crude - WTI	\$65.3100	-\$0.8700
Crude - Brent	\$75.4700	-\$0.4400
Natural Gas	\$3.2610	\$0.0740
Gasoline	\$1.7680	-\$0.0379

## U.S. Domestic Crude Production



## EIA Weekly Petroleum Status Report for the Week Ending October 26, 2018

### Distillate Stocks PADD #1



### Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 3.2 million barrels

Cushing, OK Crude Stocks Up 1.9 million barrels

Gasoline Stocks Down 3.2 million barrels

Distillate Stocks Down 4.1 million barrels

Refinery % Operated 89.4%, Up 0.2%

### PADD #1

Distillate Stocks (in million bbls)	Week Ending Oct 26, 2018	Week Ending Oct 19, 2018	Week Ending Oct 27, 2017
New England	7.5	7.8	8.6
Central Atlantic	22.1	22.5	26.5
Total PADD #1	41.4	41.7	46.6
Distillate Imports (thousands b/d)	141	163	137