

## Market Commentary

**Recap:** Oil futures fell on Thursday, as the potential of further shutdowns due to the spread of coronavirus cases across the globe fueled demand concerns. Oil futures were sharply lower, with prices posting their lowest settlement in two-weeks. November WTI fell \$1.50, or 3.7%, to settle at \$38.72 a barrel, this follows Wednesday's gain of 2.4%. December Brent dropped \$1.37, or 3.2%, to close at \$40.93 a barrel. Both WTI and Brent settled at their lowest level since September 15. November RBOB lost 2.5%, to settle at \$1.1524 a gallon, while November heating oil slipped 2.4%, to settle at \$1.125 a gallon.

**Technical Analysis:** Oil prices are losing ground as oil supplies out of OPEC+ trend higher and as the global spread of the coronavirus heighten the risk of further shutdowns. The lack of a second stimulus package from U.S. government officials increases the likelihood that additional layoffs could follow, further crippling demand. With WTI below the \$39 level, a push toward \$36.35 is becoming more probable. This level has been level of support in the past and as such, we would expect to see a bounce. As of now, the November contract has retreated from the upper trend line that forms an asymmetrical triangle that can be depicted on a daily spot continuation chart, putting this spot contract in position to test the lower trend line of this formation. Below the \$36.35 level, there is additional support set at \$35. To the upside, resistance is set at \$39.69 and \$40.35, the 10 and 50-day moving averages respectively.

**Fundamental News:** According to a Reuters survey, OPEC's oil production in September increased by 160,000 bpd on the month. The increase was largely on the back of higher supplies from Libya and Iran, both exempt from an oil supply pact between OPEC and allies led by Russia, a grouping known as OPEC+.

Russian oil and gas condensate production increased to 9.93 million bpd from an average of 9.86 million bpd in August.

A Libyan oil source said Libya's oil output increased to 270,000 bpd as the country increases its export activity following the easing of a blockade by eastern forces. The country's National Oil Corp said it expected production to rebound to 260,000 bpd this week. The blockade cut Libya's oil production from around 1.2 million bpd to around 100,000 bpd. Export activity at its three oil terminals, Hariga, Zueitina and Brega, is increasing. Brega is expected to export three 600,000 barrel cargoes in October. At Zueitina, three tankers are expected to load Bu Attifil crude over the next ten days for OMV, Repsol and Saras. The Zueitina oil terminal is expected to export 3.8 million barrels of crude in October on five tankers. Three tankers will lift cargoes of 600,000 barrels and two will load 1 million barrel cargoes. At Hariga, Unipac has already loaded 2 million barrels of Mesla and Sarir crude. Exports at Libya's Es Sider and Ras Lanuf oil terminals are yet to resume.

U.S. House Speaker Nancy Pelosi said she believes Democratic lawmakers and the White House are close to agreeing on the size of a coronavirus relief bill and the House will bring the legislation to the floor on Thursday. She said she would meet again later in the day with Treasury Secretary Steve Mnuchin, and that differences remain over Democratic demands for stronger workplace safety measures during the pandemic.

U.S. manufacturing activity unexpectedly slowed in September as new orders fell from a more than 16-1/2 year high. The Institute for Supply Management said its index of national factory activity fell to a reading of 55.4 in September from 56 in August. The ISM's forward-looking new orders sub-index fell to 60.2 from 67.6 in August.

**Early Market Call - as of 8:45 AM EDT**

WTI - Nov \$37.18 down \$1.53 per barrel  
 RBOB - Nov \$1.1066 down 4.58 cents per gallon  
 HO - Nov \$51.0156 down 4.21 cents per gallon

## All NYMEX | Prior Settlements

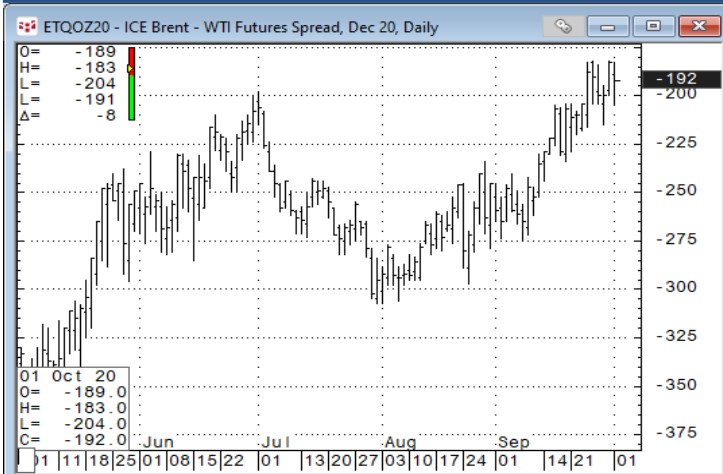
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-20	1.1250	-0.0272	0.0014
Dec-20	1.1377	-0.0278	0.0041
Jan-21	1.1531	-0.0278	0.0065
Feb-21	1.1677	-0.0273	0.0089
Mar-21	1.1793	-0.0267	0.0104
Apr-21	1.1865	-0.0251	0.0101
May-21	1.1961	-0.0243	0.0109
Jun-21	1.2080	-0.0235	0.0122
Jul-21	1.2244	-0.0231	0.0135
Aug-21	1.2394	-0.0226	0.0150
Sep-21	1.2537	-0.0224	0.0166
Oct-21	1.2656	-0.0226	0.0189
Nov-21	1.2758	-0.0227	0.0205
Dec-21	1.2842	-0.0229	0.0223
Jan-22	1.2953	-0.0229	0.0238
Feb-22	1.3041	-0.0228	0.0240
Mar-22	1.3096	-0.0226	0.0230

		Close	Change
Crude - WTI	Nov Brent-WTI Spread \$1.92	\$39.0100	-\$1.5000
Crude - Brent		\$40.9300	-\$1.3700
Natural Gas		\$2.5270	unchanged
Gasoline		\$1.1524	-\$0.0292

## EIA Working Gas Storage Report

	25-Sep-20	18-Sep-20	Change	Year Ago
East	872	851	21	817
Midwest	1,033	1,009	24	962
Mountain	231	225	6	198
Pacific	316	312	4	290
South Central	1,304	1,283	21	1,020
Salt	358	349	9	259
Nonsalt	945	934	11	806
Total	3,756	3,680	76	3,285

## ICE December Brent-WTI Spread



## WTI Forward Curve

