

## Market Commentary

**Recap:** Crude oil prices pared early gains after the EIA reported a larger than expected build in U.S. crude oil inventories. For the week ending November 8, U.S. crude oil inventory increased by 2.2 million barrels, the U.S. Energy Information Administration said on Thursday. Analysts were looking for an increase of 1.6 million barrels. Just prior to the release of the report, December WTI was trading at \$57.61, up 49 cents but gradually fell to a session low of \$56.63 a barrel, down 49 cents on the day, while January Brent, which was trading at \$62.96, slipped to a session low of \$62.27 a barrel, down 49 cents on the day. At one point during the session, oil prices were mixed as WTI was pressured by the inventory build, while forecasts from OPEC for a lower-than-expected oil surplus supported Brent. Both finished with losses on the day, with December WTI losing 35 cents, or 0.61%, to settle at \$56.77 a barrel and January Brent settling at \$62.28 a barrel, down 9 cents, or 0.14%. December RBOB fell 1.2% to \$1.6158 a gallon, while December heating oil tacked on 0.3% at \$1.9179 a gallon.

**Technical Analysis:** Thursday's market activity did little to change the technical outlook for WTI, as the December contract remains within a period of consolidation. The 10-day moving average continues to hold up as an area of support, while the 200-day moving average remains a pivotal point. With the lack of any fresh fundamentals in this market, we cannot change our stance on this market, and therefore look for WTI to remain in a sideways trading pattern. A break below the 10-day moving average, currently set at \$56.65, opens up the opportunity for a run at \$55.55, the current 50-day moving average. To the upside, resistance is set at \$58.21 and above that at \$59.11.

**Fundamental News:** The EIA reported that US crude oil production increased by 200,000 bpd to a new weekly record of 12.8 million bpd. US crude oil imports, excluding the SPR, fell by 327,000 bpd to 5.8 million bpd, the lowest level since February 1996. It also reported that US distillate stocks fell last week to 116.7 million barrels, the lowest level since June 2018.

In its monthly report, OPEC points to a smaller surplus in the oil market next year although it still expects demand for its crude to fall as non-OPEC producers pump more, building a case to maintain supply cuts at a meeting next month. It estimates demand for its oil will average 29.58 million bpd next year, down 1.12 million bpd on the year. This points to a surplus of about 70,000 bpd next year, less than its previous estimate. The fall in demand could imply the need for OPEC and its allies to maintain their supply cuts at their next meeting on December 5-6. While demand for OPEC crude will fall next year, OPEC cut its forecast for non-OPEC supply growth in 2020 to 2.17 million bpd, down 40,000 bpd from its previous forecast. OPEC said its output in October increased by 943,000 bpd to 29.65 million bpd.

Russia's President, Vladimir Putin, said that Saudi Arabia was taking a tough stance on the output deal between OPEC and its allies because of Saudi Arabia's initial public offering.

US Federal Reserve Chairman, Jerome Powell, said the risk of the US economy facing a dramatic downturn is remote in part because the record-long expansion is notable for not having pockets of overheating activity. He reiterated his view that the current expansion appears on a sustainable footing, with few indications of an imminent downturn despite risks from the US-China trade war, a slowdown in business investment and weakness abroad. He said the Fed's outlook is for continued moderate growth.

US Federal Reserve Vice Chair, Richard Clarida, said the US Federal Reserve is looking at any additional methods that may be useful in the event of a downturn which forces the central bank to lower rates back near zero. The Federal Reserve is currently conducting a review of its existing framework to ascertain whether it is flexible enough to deal with future scenarios.

**Early Market Call - as of 8:20 AM EDT**

WTI - Dec \$56.60, down 17 cents

RBOB - Dec \$1.6030, down 1.25 cents

HO - Dec \$1.9053, down 1.28 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-19	1.9179	0.0054	0.0024
Jan-20	1.9145	0.0050	0.0001
Feb-20	1.9073	0.0043	0.0115
Mar-20	1.8949	0.0036	-0.0039
Apr-20	1.8788	0.0031	-0.0073
May-20	1.8682	0.0030	-0.0092
Jun-20	1.8613	0.0031	-0.0107
Jul-20	1.8593	0.0027	-0.0110
Aug-20	1.8581	0.0026	-0.0107
Sep-20	1.8585	0.0024	-0.0099
Oct-20	1.8597	0.0023	-0.0093
Nov-20	1.8611	0.0021	-0.0091
Dec-20	1.8621	0.0021	-0.0090
Jan-21	1.8628	0.0016	-0.0081
Feb-21	1.8569	0.0006	-0.0071
Mar-21	1.8467	0.0002	-0.0073
Apr-21	1.8292	-0.0002	-0.0073

Other Front Month NYMEX		Close	Change
Crude - WTI	Jan Brent-	\$56.8800	-\$0.3200
Crude - Brent	WTI Spread	\$62.2800	-\$0.0900
Natural Gas	\$5.40	\$2.6470	\$0.0470
Gasoline		\$1.6158	-\$0.0207

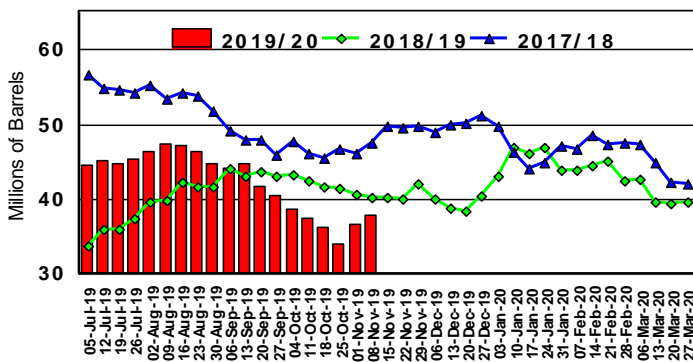
### EIA Natural Gas Storage Report

	08-Nov-19	01-Nov-19	Change	Year Ago
East	932	932	0	834
Midwest	1,106	1,109	-3	989
Mountain	207	207	0	181
Pacific	290	292	-2	266
South Central	1,197	1,189	8	970
Salt	313	303	10	269
Nonsalt	884	886	-2	701
Total	3,732	3,729	3	3,241

## Weekly EIA Petroleum Status Report for the Week Ending November 8, 2019

### Distillate Stocks

#### PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 2.219 million barrels

Cushing, OK Crude Stocks Down 1.229million barrels

**Gasoline Stocks** Up 1.861 million barrels

**Distillate Stocks** Down 2.477 million barrels

**Refinery % Operated** 87.8%, up 1.8%

#### PADD #1

Distillate Stocks (in million bbls)	Week Ending Nov 8, 2019	Week Ending Nov 1, 2019	Week Ending Nov 9, 2018
New England	7.1	7.5	7.5
Central Atlantic	17.2	16.6	22.2
Total PADD #1	37.7	36.6	40.2
Distillate Imports (thousands b/d)	212	284	226

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