

Market Commentary

Recap: Oil prices fell as much as 3.5% on Monday as the trade deal between the U.S. and China appeared to have taken a setback, as China has reportedly asked for additional talks with the U.S. before signing "phase one" of the trade deal announced on Friday, and as the International Energy Agency cut its oil demand forecast yet again, citing the weakening global economy. November WTI was trading at \$52.77, down \$1.93, or 3.5% by 10:52 a.m. EST, while December Brent slipped \$2.01, or 3.3%, to a session low of \$58.50. Losses were pared as the session progressed, with November WTI settling at \$53.59 a barrel, down \$1.11, or 2%, while December Brent settled at \$59.35 a barrel, down \$1.16, or 1.92%. Prices had settled at a two-week high on Friday, with the front-month contract ending 3.6% higher for the week. November RBOB fell 1.6% to \$1.6132 a gallon after a weekly gain of around 4.2%, while November heating oil shed 2.2% to \$1.9151 a gallon following a rise of 3.3% last week.

Technical Analysis: WTI pulled back from the \$55.00 level to fill a gap created during Friday's session, but held above the downward trend line set at \$52.60. At this point, we would continue to look for volatility in this market, with a bias to the upside. With this in mind, we would look for a run at the \$55.00, with successful breaks taking this market toward resistance set at \$57.60. Support is set at \$52.60 and below that at \$51.96.

Fundamental News: Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said it was important to concentrate on the stability of the oil market rather than the price of oil and that a fair price was a stable price. He said oil exporters taking part in the global output deal with OPEC and non-OPEC producers were showing serious commitments to the cuts. He said the country's oil output will recover to 9.86 million bpd in October and November. The country's oil production in September fell by 660,000 bpd on the month to 9.13 million bpd in the wake of the attacks on its oil facilities.

Kuwait's Oil Minister, Khaled al-Fadhel, said it was too early to discuss a possible buildup in oil inventories in 2020 and that a deeper cut by OPEC and its allies now "is still something up in the air." He said a price of \$50-\$70/barrel would be acceptable. He added that the OPEC+ committee, known as the Joint Ministerial Monitoring Committee, will continue to monitor the oil market to see whether there was a need for a deeper cut or continue at current levels but added that any decision has to be taken by all members.

Russia's Energy Minister, Alexander Novak, said there were no talks underway to change the OPEC+ deal.

Compliance of OPEC and non-OPEC producers with the output cut agreement is seen at over 200% in September. Sources stated that the high compliance level was mainly due to the attacks on Saudi Arabia's oil facilities that cut the country's oil production.

According to China's General Administration of Customs, the country's crude oil imports in September increased by 10.8% on the year as refiners increased their output amid stable profit margins and solid fuel demand. China imported 41.24 million tons or 10.04 million bpd in September, down 2.2% on the month. Over the first nine months of the year, crude oil arrivals reached 369.04 million tons or 9.87 million bpd, up 9.7% on the year. Imports of oil products increased 2.6% to 2.14 million tons, while exports of oil products increased by 39.4% to 5.68 million tons.

IIR Energy reported that US oil refiners are expected to shut in 1.51 million bpd of capacity in the week ending October 18th, increasing available refining capacity by 300,000 bpd from the previous week. Offline capacity is expected to fall to 1.47 million bpd in the week ending October 25th.

Early Market Call - as of 8:50 AM EDT

WTI - Nov \$53.54, down 5 cents

RBOB - Nov \$1.6202, up 67 points

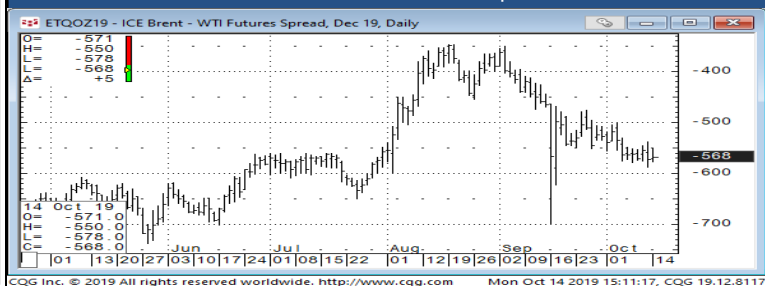
HO - Nov \$1.9199, up 50 points

All NYMEX | Prior Settlements

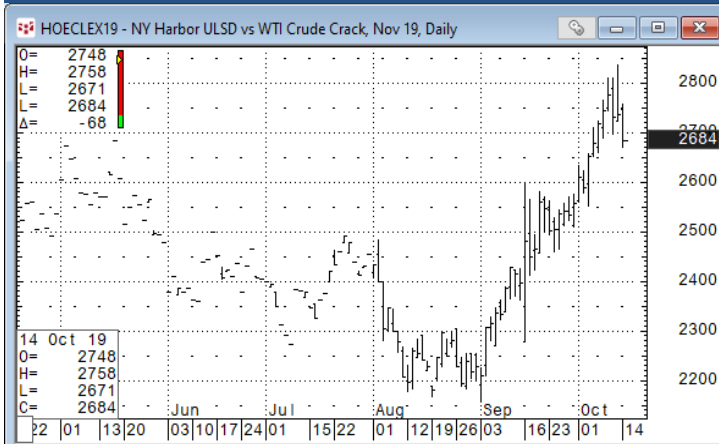
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-19	1.9151	-0.0425	0.0118
Dec-19	1.9053	-0.0355	0.0195
Jan-20	1.8947	-0.0312	0.0258
Feb-20	1.8815	-0.0297	0.0294
Mar-20	1.8654	-0.0289	0.0327
Apr-20	1.8457	-0.0280	0.0345
May-20	1.8341	-0.0268	0.0371
Jun-20	1.8284	-0.0253	0.0397
Jul-20	1.8279	-0.0242	0.0402
Aug-20	1.8292	-0.0233	0.0411
Sep-20	1.8310	-0.0233	0.0407
Oct-20	1.8339	-0.0228	0.0411
Nov-20	1.8362	-0.0226	0.0409
Dec-20	1.8370	-0.0220	0.0409
Jan-21	1.8373	-0.0216	0.0397
Feb-21	1.8329	-0.0209	0.0386
Mar-21	1.8235	-0.0204	0.0373

Other Front Month NYMEX		Close	Change
Crude - WTI	Dec Brent-	\$53.6500	-\$1.1300
Crude - Brent	WTI Spread	\$59.3500	-\$1.1600
Natural Gas	\$5.70	\$2.2800	\$0.0660
Gasoline		\$1.6132	-\$0.0256

ICE December Brent-WTI Spread



November Heating Oil Crack Spread



November RBOB Crack Spread

