

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil futures erased early losses on Monday, to mark their first gain in four sessions following a rebound in equities ahead of the contentious U.S. presidential election. Adding to the strength in the market were Russian discussions over a possible delay in plans to increase oil production from the start of 2021, a rise in U.S. manufacturing to a near two-year high and widening lockdown measures in both the U.S. and Europe as the coronavirus spreads. WTI for December delivery rose \$1.02, or nearly 2.9%, to \$36.81 a barrel after trading as low as \$33.64. January Brent added \$1.03, or 2.7%, to \$38.97 a barrel after touching a low at \$35.74. December RBOB added 1.9% to \$1.052 a gallon and December heating oil HOZ20, 2.66% climbed 2.4% to \$1.1293 a gallon.

**Technical Analysis:** December WTI came roaring back on Monday to recapture \$36.50, a previous triple bottom it penetrated last Thursday. This market is facing a lot of turmoil, as it contends with an array of market sensitive information. We expect trading to remain erratic, but are sticking to selling on signs of exhaustion for quick in and out trading. A settlement above \$36.93 opens up the opportunity for a run at the 10-day moving average, which is currently set at \$38.15, above that, additional resistance, is set at \$38.83. To the downside, support is set at \$32.50, with breaks below this level allowing for a run toward \$30.

**Fundamental News:** The U.S. Bureau of Safety and Environmental Enforcement reported that less than a third of offshore crude oil production in the U.S.-regulated northern Gulf of Mexico remained shut on Monday, five days after Hurricane Zeta made landfall. A total of 518,441 bpd or 28% of crude oil production are shut as of Monday. Also, 16% of natural gas output or 431.48 million cubic feet/day is offline.

Russian oil and gas condensate output increased to 9.98 million bpd in October from 9.93 million bpd in September.

Russia's Deputy Energy Minister, Pavel Sorokin, said compliance with the OPEC+ deal will be high in October. He said he would not comment on future action of OPEC+ before the Joint Ministerial Monitoring Committee meeting in mid-November. He said the oil market situation will depend on how countries react to the COVID-19 pandemic. He also stated that Russia has the capacity to rapidly increase production at new oil fields.

Top managers of Russian oil companies have discussed with Russian Energy Minister, Alexander Novak, a possible extension of current oil output restrictions into the first quarter of 2021. Interfax said oil companies favored an extension of existing cuts through the first quarter of 2021 rather than deepening the cuts. The other two options discussed were to increase oil output in January, as planned, or to cut output even further.

IIR Energy reported that U.S. oil refiners are expected to shut in 3.7 million bpd of capacity in the week ending November 6<sup>th</sup>, increasing available refining capacity by about 525,000 bpd from the previous week. Offline capacity is expected to decline to 3.5 million bpd in the week ending November 13<sup>th</sup>.

Goldman Sachs said virus uncertainty, lockdown headlines and the aftermath of the U.S. elections point to oil price volatility through November and near-term downside. It expects OPEC+ to likely delay its 2 million bpd production increase past January which would help secure a large deficit through the first quarter and the rest of 2021. It said the oil market can likely remain in an average deficit through the winter given the current deficit starting point and with increasing heating and emerging market demand which is coming out of its first COVID-19 wave.

**Early Market Call - as of 8:50 AM EDT**

WTI - Dec \$38.05, up \$1.24

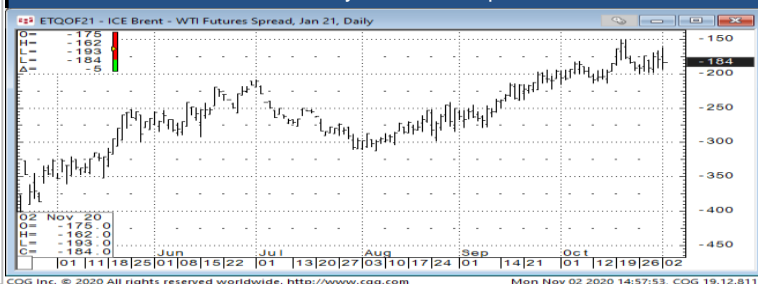
RBOB - Dec \$1.0779, up 2.59 cents

HO - Dec \$1.1293, up 1.7 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-20	1.1123	0.0310	0.0390
Dec-20	1.1222	0.0363	0.0362
Jan-21	1.1317	0.0371	0.0402
Feb-21	1.1406	0.0368	0.0445
Mar-21	1.1470	0.0342	0.0496
Apr-21	1.1582	0.0385	0.0468
May-21	1.1705	0.0395	0.0459
Jun-21	1.1836	0.0401	0.0439
Jul-21	1.1961	0.0392	0.0440
Aug-21	1.2095	0.0398	0.0423
Sep-21	1.2228	0.0396	0.0410
Oct-21	1.2350	0.0389	0.0404
Nov-21	1.2453	0.0373	0.0410
Dec-21	1.2571	0.0391	0.0381
Jan-22	1.2656	0.0359	0.0404
Feb-22	1.2697	0.0318	0.0435
Mar-22	1.2697	0.0279	0.0463

		Close	Change
Crude - WTI	Jan Brent-	\$37.1800	\$1.0300
Crude - Brent	WTI Spread	\$38.9700	\$1.0300
Natural Gas	\$1.79	\$3.2440	-\$0.1100
Gasoline		\$1.0520	\$0.0198

### ICE January Brent-WTI Spread



### December Heating Oil Crack Spread

### December RBOB Crack Spread

