

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil prices edged higher on Friday, although remained on track for a second consecutive weekly loss, as an increase in U.S. jobs eased financial market concerns that the slowing economy was on the brink of a recession amid lingering trade tensions. November WTI rose 90 cents, or 1.7% to \$53.35 a barrel by 10:00 a.m. EDT, while Brent for December delivery added \$1.24, or 2.1% to trade at a high of \$58.95 a barrel. A brief move to the downside ensued however; prices received a second boost following a rise in equity markets. WTI for November delivery rose 36 cents, or 0.7%, to settle at \$52.81 a barrel, with the U.S. benchmark logging a 5.5% weekly loss. That was the biggest weekly net and percentage loss since the week ended July 19, according to Dow Jones Market Data. December Brent crude rose 66 cents, or 1.1%, to \$58.37 a barrel—for a 4.4% weekly decline. November RBOB rose 1.1% to \$1.5734 a gallon, with the contract registering weekly decline of 2.1%, while November heating oil rose 1% to \$1.8945 a gallon—ending down 2.1% for the week.

**Technical Analysis:** Based upon a weekly spot continuation chart, WTI remains within a long standing asymmetrical triangle dating back to 2014. It appears that a minor triangle is now forming within this major formation, where the spot contract is building a floor around the \$50.50 area. A break below this support level opens up the opportunity for a run at the bottom of the triangle, which is currently set at \$46.58. With the 10-day moving average crossing below the 50-day moving average, we would look WTI to begin the week trading to the downside, with the \$50.50 support level being the ultimate target. Should we hold above this level, we could see another move to the upside, but expect a feeble attempt to trade toward the top of the minor triangle, which is currently set at \$63.34.

**Fundamental News:** Baker Hughes reported that US energy companies reduced the number of oil rigs operating for a seventh consecutive week as producers follow through on plans to cut spending on new drilling this year. Driller cut 3 oil rigs in the week ending October 4<sup>th</sup>, bringing the total count down to 710, the lowest level since May 2017.

China's CNOOC shut down the 150,000 bpd Buzzard oilfield in the British North Sea to repair pipework on the platform. It did not say how long the oilfield will remain shut down.

According to the US Census Bureau, US crude oil exports reached 2,728,000 bpd in August, compared with 2,694,000 bpd in July. Exports to Canada totaled 471,000 bpd, while exports to South Korea totaled 453,000 bpd and exports to the UK totaled 265,000 bpd. Exports to China totaled 246,000 bpd.

Statistics Canada reported that Canada's total crude oil imports increased by 107,000 bpd to 716,000 bpd in August. Its imports from the US increased by 48,000 bpd to 471,000 bpd in August. Meanwhile, Canada's total crude oil exports fell by 550,000 bpd to 3.6 million bpd in August, with exports to the US falling by 520,000 bpd to 3.53 million bpd in August.

IIR Energy said US oil refiners are estimated to have 1.57 million bpd of capacity offline in the week ending October 4<sup>th</sup>, cutting available refining capacity by 147,000 bpd from the previous week.

The Trump administration said it will lift the annual blending mandate for biofuels starting in 2020 and ensure more than 15 billion gallons of ethanol is blended into the US fuel pool. The EPA said the 15 billion gallons will be the total even after waivers are granted to small refineries. It added that, as part of the plan, the EPA will initiate rulemaking to remove the barriers to the sale of E15, a higher ethanol blend gasoline.

Plains All American and Holly Energy Partners will build a 160,000 bpd pipeline to carry crude from Cushing, Oklahoma to HollyFrontier's 155,300 bpd Tulsa, Oklahoma refinery. The pipeline is expected to be in service in the first quarter of 2021.

**Early Market Call - as of 9:05 AM EDT**

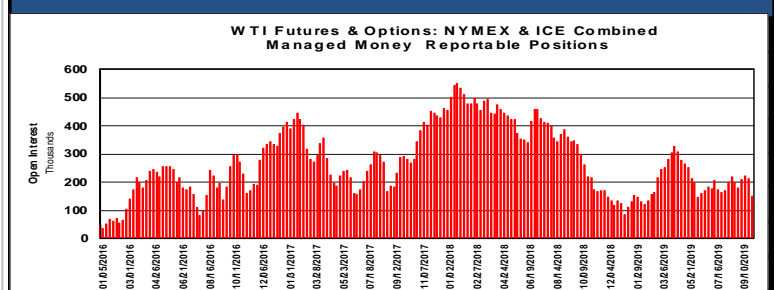
WTI - Nov \$53.44, up 63 cents

RBOB - Nov \$1.5777, up 40 points

HO - Nov \$1.9124, up 1.77 points

| Month  | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
|        | Close     | Change       | One Week  |
| Oct-19 | 1.8945    | 0.0185       | -0.0415   |
| Nov-19 | 1.8800    | 0.0165       | -0.0476   |
| Dec-19 | 1.8641    | 0.0139       | -0.0534   |
| Jan-20 | 1.8475    | 0.0125       | -0.0553   |
| Feb-20 | 1.8283    | 0.0120       | -0.0553   |
| Mar-20 | 1.8071    | 0.0116       | -0.0546   |
| Apr-20 | 1.7939    | 0.0110       | -0.0534   |
| May-20 | 1.7858    | 0.0104       | -0.0505   |
| Jun-20 | 1.7845    | 0.0095       | -0.0487   |
| Jul-20 | 1.7845    | 0.0084       | -0.0474   |
| Aug-20 | 1.7860    | 0.0081       | -0.0467   |
| Sep-20 | 1.7881    | 0.0082       | -0.0461   |
| Oct-20 | 1.7899    | 0.0081       | -0.0453   |
| Nov-20 | 1.7905    | 0.0076       | -0.0444   |
| Dec-20 | 1.7920    | 0.0070       | -0.0444   |
| Jan-21 | 1.7890    | 0.0061       | -0.0433   |
| Feb-21 | 1.7814    | 0.0051       | -0.0419   |

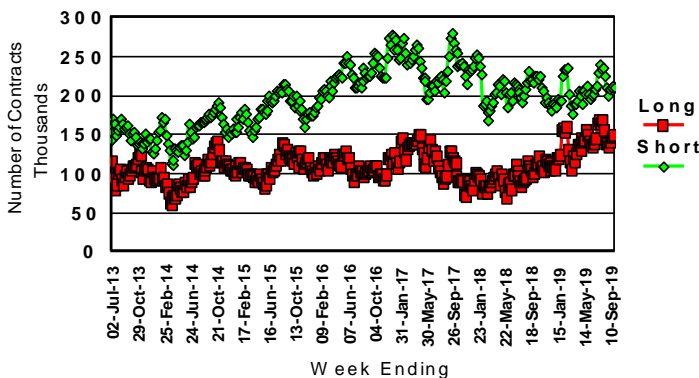
| Other Front Month NYMEX |                                    | Close     | Change   |
|-------------------------|------------------------------------|-----------|----------|
| Crude - WTI             | Dec Brent-<br>WTI Spread<br>\$5.63 | \$52.7400 | \$0.3800 |
| Crude - Brent           |                                    | \$58.3700 | \$0.6600 |
| Natural Gas             |                                    | \$2.3520  | \$0.0230 |
| Gasoline                |                                    | \$1.5734  | \$0.0175 |



## Commitment of Traders Report for the Week Ending October 1, 2019

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

