

Market Commentary

Recap: Oil prices rose on Thursday, supported by comments by the head of OPEC that the organization could take action to balance markets and that it will decide in December on supply for next year. Prices experienced a slow but steady climb throughout the session, with November WTI rising to a high of \$53.77 a barrel, a gain of \$1.18, or 2.2%, while December Brent tacked on 98 cents, or 1.7%, to trade at a session high of \$59.30 a barrel. Gains were pared just prior to the settlement period, with November WTI adding 96 cents, or 1.8%, to settle at \$53.55 a barrel, the highest front-month settlement since Oct. 1. December Brent gained 78 cents, or 1.3%, to end at \$59.10 a barrel, the highest finish since Sept.

30. November RBOB rose 2.3%, to \$1.6233 a gallon, while November heating oil added nearly 0.1%, to \$1.9208 a gallon.

Technical Analysis: WTI appears to have built a bottom down around the \$51.00 area, and with Thursday's settlement above the 10-day moving average, we would look for a push toward \$55.00. Based upon a weekly spot continuation chart, there is resistance set at \$54.61, making this the upside target for Friday's session. Above this level, additional resistance is set at \$55.00. Support is set at \$53.38 and below that at \$51.95.

Fundamental News: Reuters reported Thursday that PDVSA and China National Petroleum have restarted crude blending operations at their Petrosinovenosa joint venture plant at the eastern Venezuelan Jose terminal. Operations last week reportedly had been halted because of an accumulation of crude oil stocks at the facility due to the impact sanctions on Venezuelan oil exports. The facility which blends extra heavy crude from the Orinoco oil belt with lighter grades was running at 105,000 b/d. It appears this is the only blending plant currently operating. Petropiar, a joint venture between PDVSA and Chevron, suspended operations back in September.

According to OPEC's monthly report, Saudi Arabia said its output in September fell by 660,000 bpd on the month to 9.13 million bpd in the wake of attacks on its energy installations. Meanwhile, secondary sources stated that Saudi Arabia's oil production was lower, falling by 1.28 million bpd on the month to 8.56 million bpd. In its monthly report, OPEC said its production was down 1.32 million bpd on the month in September at 28.49 million bpd, largely due to the Saudi attacks. OPEC lowered its forecast for non-OPEC supply growth in 2020 by 50,000 bpd to 2.2 million bpd due to downward revisions for Kazakhstan and Russia. However, OPEC left unchanged its 2020 forecast for global oil demand growth at 1.08 million bpd. It revised its 2020 demand for its crude up by 200,000 bpd to 29.6 million bpd, down 1.2 million bpd from the estimated 2019 level.

Saudi Aramco's head, Amin Nasser, said Saudi Arabia's crude production returned to pre-attack levels of about 9.9 million bpd and maximum sustained capacity of 12 million bpd could be restored earlier than the end of November target that officials have aimed for.

At least seven refiners across Asia will receive the full Saudi crude volumes they have requested for November loading, a sign that Saudi Arabia's production has stabilized following the September attacks on its oil facilities. Most of the refiners are receiving the crude grades that they want. There was no request from Saudi Aramco for them to change grades.

The head of Gunvor, Torbjorn Tornqvist, said the short-lived oil price rally in the wake of the attacks on Saudi Arabia's oil facilities last month is a reflection of the Middle Eastern country's waning influence in global oil markets. Increasing fears over the health of the global economy have added a more bearish market sentiment, alongside increasing supplies of US shale oil and a weaker outlook for global oil demand growth. As a result, most market watchers see a lower risk premium to prices from supply disruptions in the Middle East.

Early Market Call - as of 9:20 AM EDT

WTI - Nov \$53.81, up 26 cents
 RBOB - Nov \$1.6260, up 28 points
 HO - Nov \$1.9414, up 2.08 cents

All NYMEX | Prior Settlements

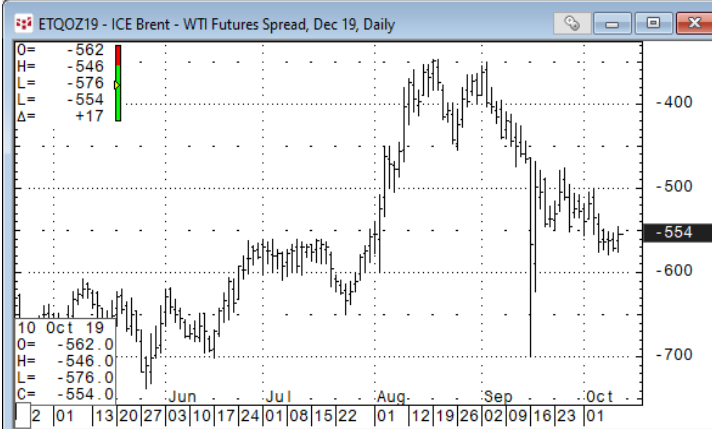
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-19	1.9208	0.0015	0.0448
Dec-19	1.9027	0.0043	0.0392
Jan-20	1.8868	0.0077	0.0366
Feb-20	1.8717	0.0106	0.0367
Mar-20	1.8547	0.0127	0.0384
Apr-20	1.8343	0.0145	0.0388
May-20	1.8209	0.0157	0.0380
Jun-20	1.8134	0.0167	0.0380
Jul-20	1.8123	0.0171	0.0373
Aug-20	1.8132	0.0175	0.0371
Sep-20	1.8155	0.0177	0.0376
Oct-20	1.8184	0.0178	0.0385
Nov-20	1.8211	0.0174	0.0393
Dec-20	1.8217	0.0177	0.0388
Jan-21	1.8225	0.0181	0.0375
Feb-21	1.8187	0.0182	0.0358
Mar-21	1.8099	0.0181	0.0336

Other Front Month NYMEX		Close	Change
Crude - WTI	Dec Brent-	\$53.5600	\$0.9500
Crude - Brent	WTI Spread	\$59.1000	\$0.7800
Natural Gas	\$5.54	\$2.2180	-\$0.0160
Gasoline		\$1.6233	\$0.0362

EIA Working Gas Storage Report

	04-Oct-19	27-Sep-19	Change	Year Ago
East	854	826	28	786
Midwest	1,009	973	36	866
Mountain	203	199	4	180
Pacific	296	291	5	262
South Central	1,054	1,029	25	850
Salt	229	220	9	190
Nonsalt	825	809	16	661
Total	3,415	3,317	98	2,943

ICE December Brent-WTI Spread



NYMEX WTI Continuation

