

## Market Commentary

**Recap:** Oil prices rose on Monday, as talks between China and the U.S. are about to get underway and as OPEC's September output posts the biggest month to month drop in 17 years. Traders are prepping for scheduled talks between the U.S. and China set for Thursday, which could help determine the outlook for energy demand. According to a survey from S&P Global Platts released early Monday, OPEC crude production fell to 28.45 million barrels a day in September, down 1.48 million barrels a day from August, the biggest month-on-month fall in almost 17 years. December WTI gained as much as \$1.25, or 2.3%, to trade at \$54.06 a barrel while January Brent reached a session high of \$59.68 a barrel, for a gain of \$1.31, or 2.2%. Late in the session prices gave up early gains to finish lower on the day, with November WTI losing 6 cents, or 0.11%, to settle at \$52.75 a barrel, while December Brent settled at \$58.35 a barrel, down 2 cents, or 0.03%. November RBOB shed 0.3% to \$1.5694 a gallon, while November heating oil rose 0.5% to \$1.9033 a gallon.

**Technical Analysis:** WTI continued to bounce off of last week's low but remains below the 10-day moving average, which is currently set at \$54.51. A break above this level opens up for a run at \$55.73, the 38% retracement provided by the September high of \$63.42 and the October low of \$50.97. This number also corresponds with the 50-day moving average, which is currently set at \$55.71. Above this, additional resistance is set at \$56.33, the 200-day moving average. To the downside, support is set at \$50.50 and below that at \$50.00.

**Fundamental News:** OPEC's Secretary General, Mohammed Barkindo, said it is too early for OPEC to discuss deeper oil output cuts despite the fall in oil prices. He said OPEC is counting on Russia to help soothe tensions between Iran and Saudi Arabia in order to help the global oil market stabilize.

Russia's Energy Minister, Alexander Novak, said his country should reform oil taxation to bring into production some 10 billion tons of currently uneconomic reserves and increase producers' margins to compete better with rivals such as US shale firms. He said oil production in Russia could fall if the tax system remained unchanged. He said Russia considers mid-term oil price of \$50/barrel as fair.

Russia's Rosneft announced the first tenders to sell oil products from its refineries for delivery in 2020. The buyers were invited to bid for gasoline, vacuum gasoil, naphtha and fuel oil from Rosneft's refineries.

Total SA said the Johan Sverdrup field in the North Sea started operations. The field's plateau production is 440,000 bpd.

IIR Energy reported that US oil refiners are expected to shut in 1.98 million bpd of capacity in the week ending October 11<sup>th</sup>, cutting available refining capacity by 238,000 bpd from the previous week. Offline capacity is expected to ease to 1.59 million bpd in the week ending October 18<sup>th</sup>.

Fitch downgraded Saudi Aramco to an "A" rating, days after it cut its sovereign rating on the country. It said Saudi Aramco's downgrade takes into account rising geopolitical tensions in the region and Saudi Arabia's continued fiscal deficit. Fitch said Saudi Aramco's outlook is stable. Its assessment of Saudi Aramco's standalone credit profile is unchanged at AA+.

**Early Market Call - as of 8:30 AM EDT**

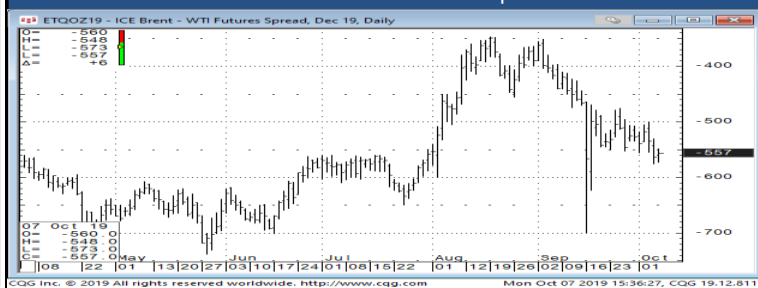
**WTI - Nov \$51.98, down 77 cents**  
**RBOB - Nov \$1.5447, down 2.4 cents**  
**HO - Nov \$1.8838, down 1.96 cents**

## All NYMEX | Prior Settlements

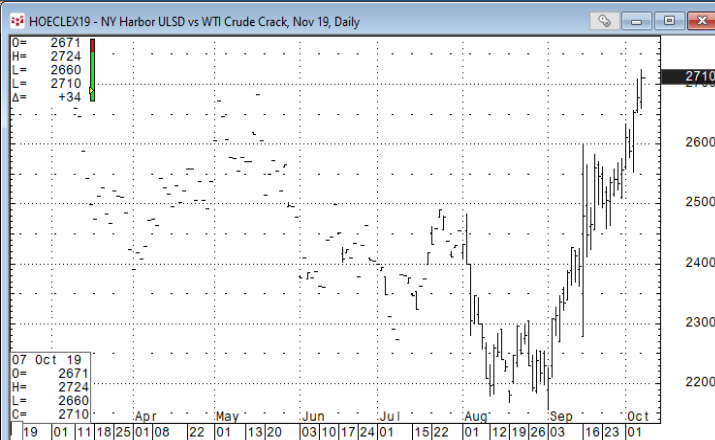
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-19	1.9033	0.0088	0.0061
Nov-19	1.8858	0.0058	-0.0026
Dec-19	1.8689	0.0048	-0.0085
Jan-20	1.8521	0.0046	-0.0110
Feb-20	1.8327	0.0044	-0.0117
Mar-20	1.8112	0.0041	-0.0122
Apr-20	1.7970	0.0031	-0.0139
May-20	1.7887	0.0029	-0.0133
Jun-20	1.7877	0.0032	-0.0125
Jul-20	1.7881	0.0036	-0.0120
Aug-20	1.7903	0.0043	-0.0113
Sep-20	1.7928	0.0047	-0.0109
Oct-20	1.7953	0.0054	-0.0096
Nov-20	1.7961	0.0056	-0.0099
Dec-20	1.7976	0.0056	-0.0102
Jan-21	1.7943	0.0053	-0.0102
Feb-21	1.7862	0.0048	-0.0105

Other Front Month NYMEX		Close	Change
Crude - WTI	Dec Brent-	\$52.7100	-\$0.0300
Crude - Brent	WTI Spread	\$58.3500	-\$0.0200
Natural Gas	\$5.64	\$2.3030	-\$0.0490
Gasoline		\$1.5694	-\$0.0040

### ICE December Brent-WTI Spread



### November Heating Oil Crack Spread



### November RBOB Crack Spread

