

Market Commentary

Recap: Brent posted a fresh four year high on Tuesday, while WTI rose for the third straight day. Oil prices are gaining support from the impending U.S. sanctions against Iran and expectations that U.S. crude oil inventories fell for the sixth week in a row. November Brent rose as much as 1.6%, touching a high of \$82.54, while November WTI is closing in on June's high of \$72.88, posting a session high of \$72.78. However, the unexpected 2.9 million barrel build in U.S. crude oil inventories, as reported by the API, pushed prices lower in post settlement trading, with November Brent failing 70 cents from the close and November WTI losing 58 cents in post settlement trading. November Brent settled at \$81.87 a barrel, up 67 cents, or 0.83%, while November WTI tacked on 20 cents, or 0.28%. October RBOB added 0.6% to settle at \$2.068 a gallon, while October heating oil rose 0.9% to \$2.305 a gallon

Technical Analysis

Despite the late session selloff, the main trend for oil remains to the upside, as moving oscillators continues to support higher prices. Should WTI fall below \$70.00 a barrel, we would most likely see a round of length lightening, with the potential to bring prices toward \$68.30. Resistance is set at \$73.23 and \$74.25. Support is set at \$71.80 and \$70.63.

Fundamental News: The director for energy markets at IEA said today the global oil market is currently in balance but might face challenges towards the end of the year as U.S. sanctions on Iran could take a toll on supplies, as well as continued declines in production from Venezuela and uncertainties surrounding Libyan production. He noted the potential impacts on the market after the November 5th return of sanctions, should be greater than the earlier sanction regime when Iranian production was reduced by 1.2 million b/d.

The Secretary General of OPEC said Tuesday that it is important for OPEC and its partners, including Russia, to cooperate to ensure they do not "fall from one crisis to another".

The Financial Times reported Tuesday that the U.K, Germany, France, Russia and China have agreed to establish a special payments system to circumvent U.S. sanctions on Iran stemming from President Trump's unilateral withdrawal from the 2015 nuclear deal. The payments channel would be an alternative to SWIFT, the backbone of the global financial system that allows Iran to get paid for oil, pay for its imports and finance its activities abroad. Several European diplomats said they are looking at developing a barter system, similar to one used by the Soviet Union during the Cold War, to exchange Iranian oil for European goods without money changing hands.

President Trump speaking before the United Nations General Assembly today said "OPEC and OPEC nations are, as usual, ripping off the rest of the world". He called on OPEC nations to stop raising prices and wants OPEC nations to contribute substantially to its own military protection from now on. Later in the day a UAE official at the U.N. in New York responding to Trump's remarks said "at the end of the day we all know that oil prices are driven by the markets."

Genscape reported Tuesday morning that operators at Phillips 66 Bayway refinery had brought the 130,500 b/d FCC back online Monday evening. The unit had been ramping up since September 20th after being shut back on September 12th for repairs.

Early Market Call - as of 8:35 AM EDT

WTI - Nov **\$71.83** down 45 cents
 RBOB - Oct **\$2.0528** down 1.49 cents
 HO - Oct **\$2.2961** down 92 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-18	\$2.3053	\$0.0194	\$0.0696
Nov-18	\$2.3097	\$0.0195	\$0.0708
Dec-18	\$2.3140	\$0.0196	\$0.0714
Jan-19	\$2.3168	\$0.0197	\$0.0702
Feb-19	\$2.3142	\$0.0193	\$0.0690
Mar-19	\$2.3067	\$0.0188	\$0.0683
Apr-19	\$2.2954	\$0.0185	\$0.0672
May-19	\$2.2880	\$0.0178	\$0.0656
Jun-19	\$2.2825	\$0.0173	\$0.0646
Jul-19	\$2.2839	\$0.0162	\$0.0635
Aug-19	\$2.2876	\$0.0149	\$0.0614
Sep-19	\$2.2936	\$0.0139	\$0.0590
Oct-19	\$2.2992	\$0.0124	\$0.0560
Nov-19	\$2.3038	\$0.0116	\$0.0537
Dec-19	\$2.3082	\$0.0106	\$0.0508
Jan-20	\$2.3107	\$0.0079	\$0.0471
Feb-20	\$2.3103	\$0.0065	\$0.0433

Sprague HeatCurve Oct 2018-April 2019 **\$2.3107**

Other Front Month NYMEX	Close	Change
Crude - WTI	\$72.2800	\$0.2000
Crude - Brent	\$81.8700	\$0.6700
Natural Gas	\$3.0820	\$0.0440
Gasoline	\$2.0677	\$0.0130

**Nov Brent-
WTI Spread
\$9.59**

API Report for the Week Ending September 21, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Up 2.9 million barrels	Down 1.7 /2.2 million barrels
Cushing, OK Crude Stocks	Up 260,000 barrels	Down 150,000 barrels
Gasoline Stocks	Up 949,000 barrels	Up 250,000/600,000 barrels
Distillate Stocks	Down 944,000 barrels	Up 500,000 /600,000 barrels
Refinery Runs	Down 687,000 bpd	Down 1.1% at 94.3%

NYMEX Dec 18-Dec 19 Spread



NYMEX Oct-Nov Heating Oil Spread

