



MarketWatch | Refined Products

Wednesday, October 24, 2018

Market Commentary

Recap : Oil prices slumped on Tuesday, falling to a two-month low, as traders reacted to a sell-off in U.S. equity markets, which raised concern about demand. December WTI fell below \$66.00 a barrel for the first time since August 22, as it experienced its largest one day sell-off since July 11th. This spot contract stopped short of reaching \$65.52, the 200-day moving average, as it hit a low of \$65.74. Gains were pared prior to the settlement period, with December WTI finishing the session at \$66.43 a barrel, down \$2.93, or 4.22%. Brent for December delivery fell \$3.39, or 4.25%, to settle at \$76.44 a barrel. November RBOB fell 3.7% to \$1.837 a gallon, the lowest for a front-month contract since late February, while November heating oil lost 3% to \$2.248 a gallon.

Technical Analysis

Moving oscillators are trending lower in oversold territory, giving no sign of reversing to the upside. With this in mind there the potential for prices to continue to the downside. Support is set at \$65.21 and \$64.59. Resistance is set a \$66.72 and \$67.74.

Fundamental News: Foreign ministers from the G-7 Tuesday condemned the killing of Saudi journalist Khashoggi "in the strongest possible terms" and called on the Saudi government to make sure such an incident never happens again. Turkish President Erdogan dismissed Saudi efforts to blame the murder on rogue operatives and called on the Saudis for a top to bottom investigation. The Saudi government meanwhile said Tuesday it will hold to account those responsible for Khashoggi's death and those who failed in their duties, whoever they are. President Trump on Tuesday said Saudi authorities staged the "worst cover-up ever" regarding the killing of Khashoggi and the United States vowed to revoke the visas of some 21 persons that were believed responsible.

Saudi Energy Minister Khalid al-Falih again stressed Tuesday that Saudi Arabia would continue to meet customer demand for crude oil in the face of a looming reduction in oil exports from Iran. He said Saudi Arabia and its allies are in a "produce as much as you can mode." He said he hopes OPEC and other oil producers will sign a deal in December to extend cooperation to monitor and stabilize the oil market. The Saudi minister again reiterated the oil market was in a "good place".

UBS in a research note to clients said global oil demand growth should slow to 1.2 million b/d in 2019, compared to an expected 1.5 million b/d growth rate of the past two years. The bank expects the impact of higher prices and weaker economic growth should hamper this consumption rate. The bank expects demand from the OECD countries to be flat with non-OECD nations China and India driving the growth.

The Escravos December loading program was released this week and it appeared to average 169,355 b/d in December down 20,645 b/d from November. Reuters was reporting that Bonny Light crude stream is expected to load 263,483 b/d in December, up from just 169,467 b/d originally scheduled for November.

The Russian energy minister said Tuesday that Russia is currently producing 150,000 b/d more than its October 2016 level, the baseline for the global oil production deal between OPEC and non-OPEC. He said Russia does not plan to boost oil output to 12 million b/d by the end of 2018.

Early Market Call - as of 9:17 AM EDT

WTI - Dec \$67.16 up 73 cents

RBOB - Nov \$1.8488 up 1.20 cents

HO - Nov \$2.2588 up 1.04 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-18	\$2.2484	-\$0.0697	-\$0.0918
Dec-18	\$2.2499	-\$0.0690	-\$0.0920
Jan-19	\$2.2511	-\$0.0685	-\$0.0926
Feb-19	\$2.2477	-\$0.0686	-\$0.0930
Mar-19	\$2.2413	-\$0.0688	-\$0.0930
Apr-19	\$2.2320	-\$0.0682	-\$0.0915
May-19	\$2.2279	-\$0.0670	-\$0.0899
Jun-19	\$2.2253	-\$0.0658	-\$0.0896
Jul-19	\$2.2295	-\$0.0644	-\$0.0893
Aug-19	\$2.2345	-\$0.0633	-\$0.0891
Sep-19	\$2.2404	-\$0.0623	-\$0.0891
Oct-19	\$2.2460	-\$0.0616	-\$0.0893
Nov-19	\$2.2512	-\$0.0610	-\$0.0895
Dec-19	\$2.2549	-\$0.0605	-\$0.0908
Jan-20	\$2.2579	-\$0.0595	-\$0.0893
Feb-20	\$2.2513	-\$0.0589	-\$0.0890
Mar-20	\$2.2402	-\$0.0584	-\$0.0891

Sprague Heat Curve November 18- March 19 \$2.2480

Other Front Month NYMEX		Close	Change
Crude - WTI	Dec Brent-	\$66.4300	-\$2.9300
Crude - Brent	WTI Spread	\$76.4400	-\$3.3900
Natural Gas	\$10.01	\$3.2120	\$0.0740
Gasoline		\$1.8368	-\$0.0699

API Weekly Report for the Week Ending October 19, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Up 9.9 million barrels	Up 3.3/5.5 million barrels
Cushing, OK Crude Stocks	Up 971,000 barrels	Up 1.5/1.6 million barrels
Gasoline Stocks	Down 2.8 million barrels	Down 1.5/1.8 million
Distillate Stocks	Down 2.4 million barrels	Down 2.4/2.5 million
Refinery Runs	Up 50,000 bpd	Up 0.1%/0.2%

NYMEX Dec Heating Oil



NYMEX DEC WTI



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