

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil futures rose for the third straight session, supported by the bullish inventory report released on Wednesday. However gains were limited, as a new wave of coronavirus cases in Europe led several countries to reinstate travel restrictions. After falling to a session low of \$39.12 a barrel, November WTI reversed to the upside, to settle at \$40.31 a barrel, a gain of 38 cents, or nearly 1%. Brent for November delivery added 17 cents, or 0.4%, to settle at \$41.94 a barrel. October RBOB rose 1.2% to close at \$1.1957 a gallon, while October heating oil settled at \$1.1167 a gallon, up 0.8%.

**Technical Analysis:** WTI continued to enjoy the recent rebound in gasoline demand, while at the same time doing very little during the trading session. After falling toward the \$39 level, the November WTI contract bounced to settle above \$40 for the first time this week. Although this spot contract settled back above \$40, it lacked the ability to trade above Wednesday's high, indicating some weakness. This market is continuing to look for direction and we would imagine that the U.S. dollar will provide an impetus. Right now, the November contract is trading within a symmetrical triangle, indicating that buying and selling are in balance. At some point, we should see a breakout of this pattern. The longer it remains near to the \$40 level, we believe the breakout will be to the downside. Resistance is set at \$40.56 and above that at \$41.42. To the downside support is set at \$39.92 and below that at \$38.87.

**Fundamental News:** ConocoPhillips sees global oil demand returning to 100 million bpd and increasing from there. The company still expects "quite a bit of uncertainty next year" in oil demand due to the coronavirus. ConocoPhillips' Senior Vice President, Dominic Macklon, said capital spending in 2021 will be below its original planned 2020 level of \$6.6 billion. He said that while U.S. shale output was about 8.2 million bpd at the start of the year, the level will likely fall by 4 million bpd in 2022.

The Delta Hellas oil tanker is currently loading its crude cargo from storage tanks at Libya's Hariga oil terminal. The tanker, chartered by the trading arm of China's Sinopec, Unipet, has the capacity to load 1 million barrels of crude. A second tanker, the Marlin Shikoku, also chartered by Unipet, is expected to dock at the port this evening. Hariga is one of three terminals recently reopened by the country's National Oil Corp following an eight-month blockade by eastern forces. At the Zueitina terminal, a cargo of Bu Attifel crude is expected to load between September 27<sup>th</sup> and 29<sup>th</sup>.

Iraq's Oil Ministry denied a media report citing Oil Minister, Ihsan Abdul Jabbar, as saying an agreement was imminent with the OPEC+ group to increase Iraq's crude oil exports. State news agency INA had quoted Abdul Jabbar as telling state-owned daily newspaper al-Sabah that he expected to reach an agreement soon with OPEC and its allies, known as OPEC+, over increasing Iraq's crude oil exports.

The Kurdistan Regional Government's Natural Resources Ministry said the semi-autonomous Kurdistan region of Iraq has been complying with an OPEC+ oil production cut agreement and is meeting its reduction targets.

Three Norwegian labor unions agreed on a wage deal with the owners of floating offshore oil rigs, preventing a strike that could eventually have halted the exploration for new oil and gas reserves.

**Early Market Call - as of 9:05 AM EDT**  
 WTI - Nov \$39.93, down 38 cents  
 RBOB - Oct \$1.1900, down 57 points  
 HO - Oct \$1.1159, down 8 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-20	1.1167	0.0092	0.0431
Nov-20	1.1264	0.0086	0.0479
Dec-20	1.1418	0.0079	0.0505
Jan-21	1.1596	0.0066	0.0519
Feb-21	1.1766	0.0058	0.0515
Mar-21	1.1897	0.0053	0.0506
Apr-21	1.1966	0.0050	0.0497
May-21	1.2070	0.0049	0.0486
Jun-21	1.2202	0.0051	0.0470
Jul-21	1.2379	0.0051	0.0455
Aug-21	1.2544	0.0051	0.0443
Sep-21	1.2703	0.0052	0.0426
Oct-21	1.2845	0.0053	0.0418
Nov-21	1.2963	0.0053	0.0415
Dec-21	1.3065	0.0050	0.0414
Jan-22	1.3191	0.0052	0.0408
Feb-22	1.3281	0.0054	0.0401

Sprague Heat Weighted Strip October -April 20/2021		\$1.1607
	Close	Change
Crude - WTI	\$40.3100	\$0.3800
Crude - Brent	\$41.9400	\$0.1700
Natural Gas	\$2.2480	\$0.1230
Gasoline	\$1.1957	\$0.0144

### EIA Working Gas Storage Report

	11-Sep-20	11-Sep-20	Change	Year Ago
East	851	825	26	785
Midwest	1,009	983	26	924
Mountain	225	221	4	192
Pacific	312	310	2	284
South Central	1,283	1,276	7	991
Salt	349	349	0	205
Nonsalt	934	927	7	785
Total	3,680	3,614	66	3,176

## Sprague HeatCurve October-April

## ICE November Brent-WTI Spread

