

Market Commentary

Recap: The oil market continued to trade lower, posting a lower high and a lower low for the fifth consecutive session. The market was pressured as China's economic outlook remained weak even as manufacturing data improved. China warned of instability in international markets from any decoupling of China and the US after sources stated that the Trump administration was considering delisting Chinese companies from US stock exchanges. The market opened higher but failed to test its previous high as it posted a high of \$56.57. The market continued to trend lower throughout the session and sold off to a low of \$53.98, in light of the news that Saudi Aramco had restored full oil production and capacity to the level seen before its oil facilities were attacked. The November WTI contract settled down \$1.84 at \$54.07, while the November Brent contract settled down \$1.13 at \$60.78. Meanwhile, the product markets settled sharply lower, with the heating oil market settling down 3.71 cents at \$1.8992 and the RBOB market settling down 3.88 cents at \$1.5676.

Technical Analysis: The oil market is seen retracing some of today's sharp losses before it continues on its downward trend amid the news that Saudi Arabia restored its full oil production and capacity to levels seen before the attacks on its oil facilities. The market will also remain pressured ahead of the weekly oil inventory reports, as they are expected to show builds in crude stocks of 1.1 million barrels on the week. The crude market is seen finding support at its low of \$53.98, followed by \$53.93, \$53.65 and \$52.71. Resistance is seen at \$55.33, \$55.62, \$55.90 and its high of \$56.57. More distant resistance is seen at \$57.02.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending September 27th increased by 373,874 barrels on the week but fell by 576,556 barrels from Tuesday, September 24th to 43,193,324 barrels.

OPEC's Secretary General, Mohammed Barkindo, said Saudi Arabia has fully restored its oil output to pre-attack levels.

Separately, the chief executive officer of Saudi Aramco's trading arm, Ibrahim al-Buainain, said it has restored full oil production and capacity to the level before attacks on its oil facilities on September 14th. Oil output capacity was restored on September 25th. He said oil production was restored to its "target" level or even "a little higher" when asked whether output is now at 9.9 million bpd. Aramco's oil output capacity was restored to 11.3 million bpd.

The US EIA said US crude oil output fell by 276,000 bpd in July to 11.81 million bpd.

According to a Reuters survey, OPEC's oil output fell to an eight-year low in September after attacks on Saudi oil plants cut production, deepening the impact of a supply agreement and US sanctions imposed on Iran and Venezuela. Total OPEC production stood at 28.9 million bpd, down 750,000 bpd from August's revised figure. It reported that the 11 OPEC members bound by the agreement have exceeded the pledged cuts. Compliance was 218% in September, up from 131% in August. The largest decline came from Saudi Arabia, which produced 9.05 million bpd, or 700,000 bpd less than in August.

Saudi Arabia's Crown Prince, Mohammed bin Salman, warned in an interview broadcast Sunday that oil prices could spike to "unimaginably high numbers" if the world does not come together to deter Iran, but said he preferred a political solution to a military one. He said war between Saudi Arabia and Iran would cause a total collapse of the global economy.

An Iranian government spokesman said Saudi Arabia has sent messages to Iran's President, Hassan Rouhani, through the leaders of other countries. He stated that "if Saudi Arabia is really pursuing a change of behavior, Iran welcomes that."

Early Market Call - as of 8:49 AM EDT

WTI - Nov \$54.65 up \$1.87

RBOB - Nov \$1.5898 up 2.33 cents

HO - Nov \$1.9159 up 1.87 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-19	\$1.9056	-\$0.0360	-\$0.0914
Nov-19	\$1.8972	-\$0.0388	-\$0.0953
Dec-19	\$1.8884	-\$0.0392	-\$0.0980
Jan-20	\$1.8774	-\$0.0401	-\$0.1009
Feb-20	\$1.8631	-\$0.0397	-\$0.1023
Mar-20	\$1.8444	-\$0.0392	-\$0.1027
Apr-20	\$1.8234	-\$0.0383	-\$0.1027
May-20	\$1.8109	-\$0.0364	-\$0.1001
Jun-20	\$1.8020	-\$0.0343	-\$0.0957
Jul-20	\$1.8002	-\$0.0330	-\$0.0924
Aug-20	\$1.8001	-\$0.0318	-\$0.0896
Sep-20	\$1.8016	-\$0.0311	-\$0.0871
Oct-20	\$1.8037	-\$0.0305	-\$0.0847
Nov-20	\$1.8049	-\$0.0303	-\$0.0840
Dec-20	\$1.8060	-\$0.0289	-\$0.0829
Jan-21	\$1.8078	-\$0.0286	-\$0.0818
Feb-21	\$1.8045	-\$0.0278	-\$0.0785

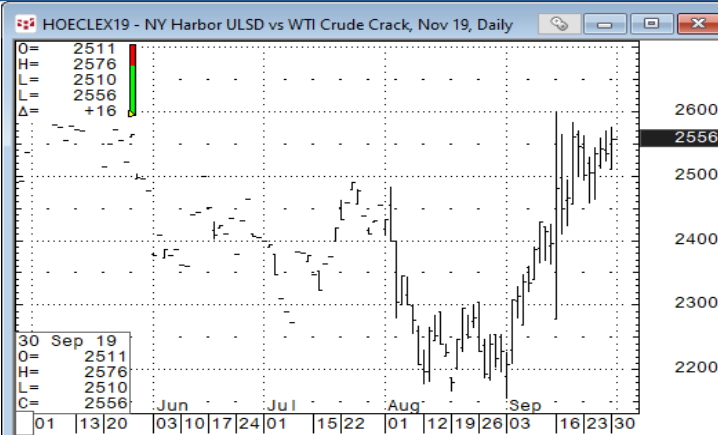
Sprague HeatCurve Oct 2019-Apr 2020 \$1.8711

Other Front Month NYMEX		Close	Change
Crude - WTI	Nov Brent-	\$54.0700	-\$1.8400
Crude - Brent	WTI Spread	\$60.7800	-\$1.1300
Natural Gas	\$6.71	\$2.3300	-\$0.0740
Gasoline		\$1.6049	-\$0.0465

ICE November Brent-WTI Spread



November Heating Oil Crack Spread



November RBOB Crack Spread

