

Market Commentary

Recap: Oil futures slipped in early trading on Thursday, as prices continued to feel the pressure from rising U.S. crude oil inventories, amid record production. November WTI traded as low as \$55.41 a barrel, down \$1.08, or 1.9% by 10:58 a.m. EST, while November Brent fell 93 cents, to a low of \$61.49 a barrel. Oil prices pared losses after the U.S. Pentagon announced it will deploy military equipment and support personnel to Saudi Arabia. November WTI settled at \$56.41 a barrel, down 8 cents or 0.1%, while November Brent tacked on 34 cents, or 0.6%, to settle at \$62.74 a barrel. October RBOB tacked on 2.2% at \$1.6612 a gallon, while October heating oil added 0.06% at \$1.9551 a gallon.

Technical Analysis: WTI lingered around the bottom of the gap created last week, while holding below resistance provided by the 10, 50 and 200-day moving average. At this point in time, we would look for prices to fall back into a sideways trading pattern, with \$55.00 providing a level of support and \$60.00 providing a level of resistance. Below \$55.00, additional support is set at \$53.70, with resistance sitting above \$60.00 at \$61.00.

Fundamental News: Genscape reported that crude oil inventories held in Cushing, Oklahoma on Tuesday, September 24th increased by 2,592,846 barrels on the week and by 950,430 barrels from Friday, September 20th to 43,769,880 barrels.

Saudi Arabia has restored its oil production capacity to 11.3 million bpd following the attacks on its oil facilities. It continues to stress that it aims to achieve full production of 12 million bpd by the end of November. Crude output from the Khurais field is now at 1.3 million bpd and the Abqaiq plant is currently at about 4.9 million bpd. According to a Financial Times report, Saudi Arabia's oil production has increased to more than 8 million bpd, recovering more quickly than expected. Saudi Aramco has utilized its offshore spare capacity and repaired some processing units at Abqaiq.

OPEC's Secretary General, Mohammed Barkindo, said Saudi Arabia's quick moves to restore output have been crucial to cutting oil price volatility after the global oil market had been shaken up following the attacks on some of its facilities. He said that an extraordinary meeting of OPEC members and fellow oil exporters was not on the cards as Saudi Arabia has restored the majority of its supply and the incident was "behind us." He said the group remains focused on maintaining oil price stability and "will do whatever it takes to insulate oil from politics."

A UN IAEA report showed that Iran has committed a further breach of its nuclear deal with major powers by enriching uranium with advanced centrifuges, and plans to install more of those advanced machines than previously announced.

Iran's Supreme Leader Ayatollah Ali Khamenei, said European countries were unlikely to help Iran against US sanctions and Iran "should give up all hope" in that regard.

China on Thursday criticized the US for imposing new sanctions on Chinese entities and people suspected of transferring oil from Iran. It accused Washington of "bullying." Chinese Foreign Ministry spokesman, Geng Shuang, said China's cooperation with Iran is legitimate and legal. The US Treasury Department said on Wednesday it was imposing sanctions on five Chinese nationals and six entities that it said had violated the US' unilateral sanctions on Iran.

Early Market Call - as of 8:30 AM EDT

WTI - Nov \$55.28 down \$1.13 per barrel

RBOB - Oct \$1.6286 down 3.25 cent per gallon

HO - Oct \$1.9211 down 3.40 cents per gallon

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-19	1.9551	0.0012	-0.0498
Nov-19	1.9505	0.0008	-0.0489
Dec-19	1.9430	0.0014	-0.0483
Jan-20	1.9339	0.0017	-0.0472
Feb-20	1.9209	0.0017	-0.0452
Mar-20	1.9023	0.0011	-0.0437
Apr-20	1.8806	0.0004	-0.0430
May-20	1.8656	-0.0005	-0.0419
Jun-20	1.8537	-0.0010	-0.0399
Jul-20	1.8497	-0.0013	-0.0376
Aug-20	1.8476	-0.0016	-0.0355
Sep-20	1.8478	-0.0014	-0.0329
Oct-20	1.8491	-0.0009	-0.0306
Nov-20	1.8505	-0.0005	-0.0299
Dec-20	1.8508	-0.0005	-0.0303
Jan-21	1.8524	-0.0004	-0.0294
Feb-21	1.8478	-0.0001	-0.0271

Sprague HeatCurve Oct 2019-Apr 2020 \$1.9269

Other Front Month NYMEX		Close	Change
Crude - WTI	Nov Brent-	\$56.2800	-\$0.0400
Crude - Brent	WTI Spread	\$62.7400	\$0.3500
Natural Gas	\$6.46	\$2.4280	-\$0.0740
Gasoline		\$1.6612	\$0.0360

EIA Working Gas Storage Report

	20-Sep-19	13-Sep-19	Change	Year Ago
East	794	763	31	726
Midwest	934	898	36	796
Mountain	194	188	6	173
Pacific	286	279	7	258
South Central	998	974	24	809
Salt	207	200	7	175
Nonsalt	790	774	16	634
Total	3,205	3,103	102	2,761

Sprague HeatCurve October-April

ICE November Brent-WTI Spread

