

## Market Commentary

**Recap:** Oil prices fell on Thursday, as U.S. unemployment data fueled fears of a slow economic recovery and as the U.S. stock market sharply sold off. Traders looked to the latest U.S. economic data for hints on the outlook for energy demand. On Thursday that data were mixed, with a decline in weekly jobless claims and a jump in the trade deficit in July. A closely followed index of non-manufacturing companies — retailers, banks, airlines, health-care providers and the like — fell in August. However, prices peeled back losses as the selloff in the stock market was more a functionality of overextended valuations rather than negative global economic news, the coronavirus pandemic or lack of stimulus. October WTI lost 14 cents, or 0.3%, to settle at \$41.37 a barrel, after trading as low as \$40.22. Brent for November delivery slipped 36 cents, or 0.8%, to \$44.07 a barrel, the lowest settlement for a front month contract since July 31. October RBOB added 0.2% to \$1.2049 a gallon, while October heating oil declined 1.8%, to \$1.177 a gallon.

**Technical Analysis:** WTI has once again shown signs of resiliency, as it blasted through the 50-day moving average, and bounced back from the \$40 area. It appears that there are still quite a bit of buyers in this market, and as a result we should still see it struggle to the downside. As the current situation with the coronavirus seems to already be factored into this market, we would keep a watchful on the U.S. dollar, which has been injecting fresh fundamentals. If the dollar continues to strengthen, oil prices will come under pressure. With Iraq signaling a desire to opt out of production cuts, we could see a fresh round of oil hitting the market, adding to the pressure of a strong dollar. Resistance is set at \$42.36, the current 10-day moving average and above that at \$43.96, the top of the sideways trading pattern that has been in effect since July. To the downside, support is set at \$41.25 and below that at \$37.54, the bottom of the aforementioned pattern.

**Fundamental News:** The U.S. Bureau of Safety and Environmental Enforcement said offshore oil production in the U.S. Gulf of Mexico was down by 16.3% or 301,077 bpd, as the recovery from Hurricane Laura continues.

According to the U.S. Census Bureau, U.S. crude oil exports reached 3.24 million bpd in July, up from 2.75 million bpd in June. Exports to China were 578,000 bpd, while exports to Canada were 425,000 bpd and exports to the Netherlands were 330,000 bpd.

Statistics Canada reported that Canada's crude oil exports increased by 410,000 bpd to 3.52 million bpd in July. Canada's crude oil exports to the U.S. increased by 440,000 bpd to 3.43 million bpd in July. Meanwhile, Canada's total crude oil imports increased by 22,000 bpd to 481,000 bpd and its imports from the U.S. increased by 85,000 bpd to 399,000 bpd in July.

Chevron Corp said it has redeployed all essential personnel and restored production at five of its six operated platforms in the Gulf of Mexico that were shut due to storms Marco and Laura. Chevron began the restart process on August 27<sup>th</sup>.

The U.S. Labor Department reported that the number of initial unemployment benefit claims fell to 881,000 in the week ending August 29<sup>th</sup> from 1.011 million in the previous week. It also reported that the number of continuing unemployment benefit claims fell to 13.254 million in the week ending August 22<sup>nd</sup> from 14.492 million in the previous week.

Global outplacement firm Challenger, Gray & Christmas reported that U.S. employers announced another 115,762 job cuts in August, led by airlines as the COVID-19 pandemic weighs on travel and financial assistance from the government lapses. While, the layoffs were down 56% from July, they increased total job cuts so far this year to a record 1.963 million.

**Early Market Call - as of 9:35 AM EDT**

WTI - Oct \$41.00, down 37 cents  
 RBOB - Oct \$1.1863, down 1.86 cents  
 HO - Oct \$1.1700, up 23 points

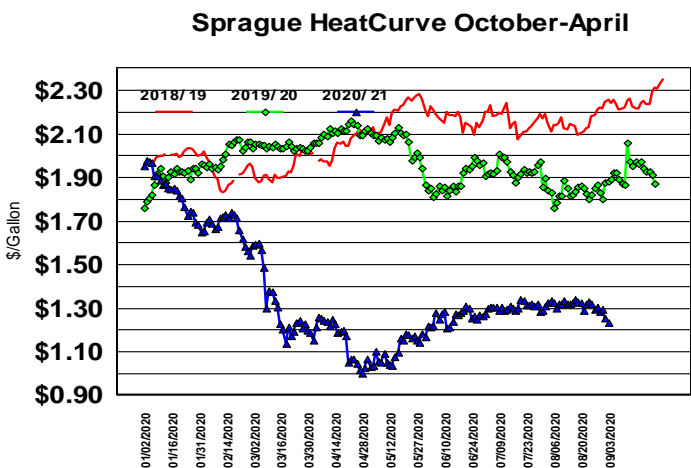
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-20	1.1677	-0.0208	0.0616
Nov-20	1.1890	-0.0227	0.0626
Dec-20	1.2110	-0.0225	0.0638
Jan-21	1.2330	-0.0205	0.0633
Feb-21	1.2524	-0.0179	0.0618
Mar-21	1.2670	-0.0161	0.0597
Apr-21	1.2748	-0.0147	0.0580
May-21	1.2855	-0.0137	0.0560
Jun-21	1.2972	-0.0128	0.0546
Jul-21	1.3135	-0.0117	0.0529
Aug-21	1.3292	-0.0107	0.0510
Sep-21	1.3434	-0.0099	0.0492
Oct-21	1.3562	-0.0094	0.0479
Nov-21	1.3674	-0.0091	0.0474
Dec-21	1.3763	-0.0089	0.0469
Jan-22	1.3872	-0.0090	0.0474
Feb-22	1.3946	-0.0092	0.0476

Sprague Heat Weighted Strip October -April 20/2021		\$1.2320	
		Close	Change
Crude - WTI	Nov Brent-	\$41.7200	-\$0.1300
Crude - Brent	WTI Spread	\$44.0700	-\$0.3600
Natural Gas	\$2.35	\$2.4870	\$0.0010
Gasoline		\$1.2049	\$0.0029

EIA Working Gas Storage Report				
	28-Aug-20	21-Aug-20	Change	Year Ago
East	789	775	14	705
Midwest	924	904	20	816
Mountain	212	212	0	176
Pacific	304	306	-2	277
South Central	1,225	1,223	2	943
Salt	331	334	-3	198
Nonsalt	895	889	6	745
Total	3,455	3,420	35	2,917

## Sprague HeatCurve October-April



## ICE November Brent-WTI Spread

