Recap: Crude oil prices turned lower on Tuesday, giving up early gains after the stock market pared its recovery and, as traders weighed in on the effect trade tensions between the U.S. and China could have on demand for oil.

Trading was choppy as prices moved lower. After trading at a session low of $53.72 a barrel, for a loss of 97 cents, September WTI bounced to a high of $55.42. However, as global equities slipped, this spot contract reversed to the downside, falling as much as $1.30, or 2.3%, to a session low of $52.00 a barrel. We do expect this market to continue to struggle to both the downside and upside and therefore expected erratic trading. Below $52.00, additional support is set at $51.15. Resistance is set at $55.70 and above that at $56.16.

Fundamental News: In its Short-Term Energy Outlook, the EIA cut its 2019 world oil demand growth forecast by 70,000 bpd to 1 million bpd but raised its oil demand growth estimate for 2020 by 30,000 bpd to 1.43 million bpd. Demand is expected to total 100.91 million barrels in 2019 and 102.34 million barrels in 2020. OPEC crude oil production is expected to fall by 1.83 million bpd in 2019 to 30.13 million bpd and by 340,000 bpd to 29.79 million bpd. Non-OPEC supply is expected to increase by 2.13 million bpd to 65.56 million bpd and by 2.24 million bpd to 67.8 million bpd in 2020. The EIA also reported that US petroleum demand is expected to increase by 210,000 bpd to 20.66 million bpd in 2019 and by 260,000 bpd to 20.92 million bpd in 2020. Gasoline demand is expected to fall by 10,000 bpd to 9.31 million bpd in 2019 but increase by 20,000 bpd to 9.33 million bpd in 2020. Distillate demand is expected to fall by 10,000 bpd to 4.12 million bpd in 2019 but increase by 60,000 bpd to 4.18 million bpd in 2020. US oil production is expected to increase by 1.28 million bpd to 12.27 million bpd in 2019 and by 990,000 bpd to 13.26 million bpd in 2020. In regards to prices, the EIA forecast Brent spot prices will average $64/barrel in the second half of 2019 and $65/barrel in 2020. The price of WTI crude is expected to average $5.50/barrel less than Brent prices during the fourth quarter of 2019 and in 2020.

Goldman Sachs maintained its 2019 outlook for US oil growth of 1.3 million bpd but lowered its outlook for year-on-year growth in 2020 to 1.1 million bpd from 1.2 million bpd. It lowered its year-on-year oil growth forecast for 2020 due to slower than expected activity among private companies and slower ramp up among exploration and production companies.

Iran’s President, Hassan Rouhani, said peace with Iran is the mother of all peace and war with Iran is the mother of all wars. He said if the US wants to have negotiations with Iran then Iran then lift all sanctions.

The four living former chairs of the Federal Reserve, Paul Volcker, Alan Greenspan, Ben Bernanke and Janet Yellen, called for the US central bank to remain free to work independently and without fear of political reprisals in a rare joint public statement.

US President Donald Trump imposed sanctions on assets of the Venezuelan government. Separately, White House national security adviser, John Bolton, said President Trump’s new executive order on Venezuela means that US sanctions can now be imposed on any business done with the Venezuelan government.

Early Market Call - as of 8:00 AM EDT
WTI - Sep $53.37, down 36 cents
RBOB - Sep $1.6795, down 82 points
HO - Sep $1.8111, down 1.27 cents

Crude Oil Stocks (exl SPR) Crude - WTI Crude - Brent Natural Gas Gasoline
Crude Oil Stocks Distillate Stocks Refinery Runs
Crude Oil Stocks (exl SPR) Sep Brent-WTI Spread Actual Mkt Expectations
Crude - WTI
$53.5900 Down 3.4 million barrels Down 2.8 million barrels
Crude - Brent
$58.9400 Down 1.6 million barrels Down 1.4 million barrels
Natural Gas
$2.1110 Up 1.2 million barrels Up 0.5%, at 93.5%
Gasoline
$1.6873 Up 574,000 bpd

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