

## Market Commentary

**Recap:** After hitting fresh four year highs on Wednesday, oil prices fell, with WTI receiving the hardest hit, which in turn widened its discount to Brent. The discount widened as much as 5% during the trading session, hitting a low of -\$10.56. This spread settled at -\$10.33. This is the widest this spread has traded since June 20<sup>th</sup> of this year. Prices fell on hopes that Saudi Arabia and Russia would increase production in an effort to make up for any shortfalls from the imminent U.S. sanctions against Iran. November WTI fell as much as 3.3%, hitting a low of \$73.88 before paring losses to settle at \$74.33 a barrel, down \$2.08, or 2.72%. Brent for December delivery slipped \$1.71, or 1.98%, to settle at \$84.58 a barrel. November RBOB fell nearly 1.8% to \$2.10 a gallon and November heating oil settled at \$2.40 a gallon, down 1.5%.

### Technical Analysis

Although the major trend in oil remains to the upside, we have to expect minor corrections within this trend. A break below \$74.30 will shift the minor trend to the downside. Support below this level is set at \$73.96 and \$72.95. Resistance is set at \$76.90 and \$77.40. One should note that the 9 day slow stochastics flipped to the downside today, for the first time since September 14<sup>th</sup>, when spot WTI was at \$68.70.

**Fundamental News:** The Saudi energy minister said that Saudi Arabia is doing everything it can to help supply the global oil market. He noted that Saudi exports to the U.S. are rising "significantly" and the market should feel "comfortable" about supply. He noted that Saudi crude oil exports in October should exceed 7.7 million b/d. He said that some may actually argue the market is currently over supplied. He said OPEC technically is able to raise output by 1.3 million b/d, if necessary.

The Russian energy minister said Thursday that uncertainties including the U.S. trade war with China and the looming sanctions on Iran are having a major effect on the global oil market. He did not rule out the possibility of global oil prices hitting \$100 per barrel. He noted though fundamentally, the market is "almost balanced", with oil inventories now below the five year average. He did confirm the commitment that Russia made when it met with OPEC in June to raise output. He also mentioned that Russia and Iran were still considering how to make payments to one another in their national currencies in the face of upcoming U.S. sanctions against Iran.

Genscape reported Thursday morning that they estimated crude oil stocks in Cushing, OK as of October 2<sup>nd</sup> stood at 28,951,93 barrels, up 1,707,763 barrels from September 28<sup>th</sup> and up 2,193,003 barrels from the September 25<sup>th</sup>.

A market strategist for Commerzbank speaking at the Reuters Global Oil Forum said today that oil "prices will probably rise further into overshoot territory. Once we see \$90 I would expect decisive supply reaction." He went on to say "major economies won't let oil prices rise to triple digits and harm economic growth."

### Early Market Call - as of 9:00 AM EDT

WTI - Nov \$74.38 up 5 cents

RBOB - Nov \$2.0974 down 30 points

HO - Nov \$2.3990 down 7 points

## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Nov-18	\$2.3997	-\$0.0375	\$0.0737
Dec-18	\$2.4033	-\$0.0382	\$0.0738
Jan-19	\$2.4062	-\$0.0388	\$0.0742
Feb-19	\$2.4035	-\$0.0393	\$0.0751
Mar-19	\$2.3967	-\$0.0396	\$0.0768
Apr-19	\$2.3864	-\$0.0396	\$0.0782
May-19	\$2.3797	-\$0.0390	\$0.0798
Jun-19	\$2.3747	-\$0.0381	\$0.0813
Jul-19	\$2.3764	-\$0.0373	\$0.0820
Aug-19	\$2.3796	-\$0.0367	\$0.0816
Sep-19	\$2.3845	-\$0.0364	\$0.0808
Oct-19	\$2.3890	-\$0.0361	\$0.0799
Nov-19	\$2.3926	-\$0.0361	\$0.0791
Dec-19	\$2.3952	-\$0.0359	\$0.0775
Jan-20	\$2.3957	-\$0.0356	\$0.0755
Feb-20	\$2.3874	-\$0.0355	\$0.0702
Mar-20	\$2.3759	-\$0.0355	\$0.0662

### Sprague Heat Curve November - March

\$2.4024

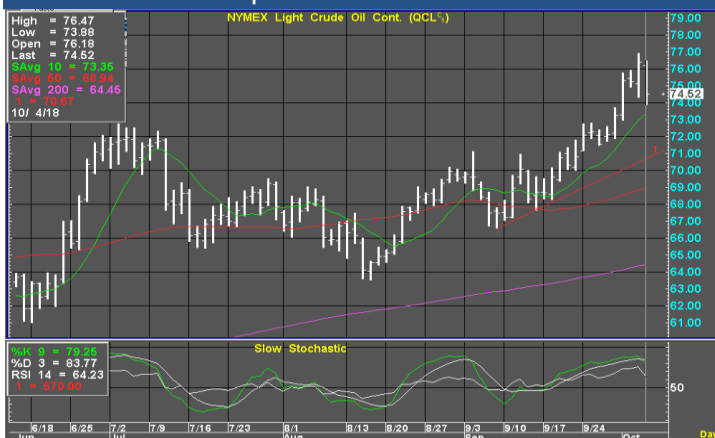
Other Front Month NYMEX	Close	Change
Crude - WTI	\$74.2500	-\$1.9900
Crude - Brent	\$84.5800	-\$1.7100
Natural Gas	\$3.1650	-\$0.0650
Gasoline	\$2.1004	-\$0.0374

### EIA Natural Gas Storage Report

#### EIA Weekly Report

	28-Sep-18	21-Sep-18	Change	Year Ago
East	763	729	34	859
Midwest	836	800	36	985
Mountain	177	173	4	220
Pacific	262	259	3	310
South Central	829	807	22	1,127
Salt	181	173	8	301
Nonsalt	648	634	14	827
Total	2,866	2,768	98	3,502

## NYMEX Spot WTI Continuation



## ICE December WTI-Brent Spread

