



MarketWatch | Refined Products

Thursday, October 31, 2019

Market Commentary

Recap: Oil prices fell on Wednesday as worries about a possible delay in resolving the U.S.-China trade war, which has hurt global oil demand, and after the EIA reported a build of 729,000 barrels. December WTI fell as much as \$1.12, or 2%, to a session low of \$54.42 a barrel, while December Brent, which expires at Thursday's settlement, fell 81 cents or 1.3%, to a low of \$60.78. Declines in both gasoline and distillate stockpiles lifted oil prices off their lows, but the move was not enough for oil futures to recapture the unchanged level. December WTI shed 48 cents, or 0.86%, to settle at \$55.06 a barrel, while December Brent settled at \$60.61 a barrel, down 98 cents, or 1.59%. November RBOB edged down by 1.3% to \$1.69645 a gallon, while November heating oil lost 2.2% at \$1.9136 a gallon. The November contracts expire at the Thursday's settlement.

Technical Analysis: December WTI blasted through \$55.13 and \$55.09, the 10 and 50-day moving averages respectively, and settled below them for the first time since Oct. 21. With the slow stochastics crossed to the downside in overbought territory, we would look for follow through selling for Thursday's session. Support is set at \$54.27 and below that at \$53.60. Resistance is set at \$55.13 and above that at \$55.80.

Fundamental News: According to a top executive of the Institute of Energy Economics Japan, Brent crude prices are expected to be around \$60/barrel to \$65/barrel next year as any possible price hikes from geopolitical risks would be countered by ongoing trade war. The lack of stability in the Middle East would raise the oil prices but the tariff war between the US and China is likely to have a negative impact on them.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said the initial public offering of Saudi Aramco will come soon. Aramco aims to announce the start of its IPO on November 3rd after delaying the deal earlier this month to give advisers time to secure cornerstone investors. Saudi Aramco is looking to float a 1% to 2% stake on the country's Tadawul market, worth upwards of \$20 billion.

IIR Energy reported that US oil refiners are expected to shut in 1.3 million bpd of capacity in the week ending November 1st, increasing available refining capacity by 169,000 bpd from the previous week. Offline capacity is expected to fall to 1.1 million bpd in the week ending November 8th.

India will lease 25% of its strategic petroleum reserve in Padur to Saudi Aramco to store about 4.6 million barrels of oil, as India seeks global investment in its expanding energy infrastructure. Indian Strategic Petroleum Reserves Ltd signed a memorandum of understanding with Saudi Aramco for its participation in the 2.5 million ton facility in Karnataka state.

The US Federal Reserve cut interest rates for the third time this year in a move to ensure the US economy weathers a global trade war without spilling into a recession. In lowering its policy rate by a quarter of a percentage point to a target range of between 1.5% and 1.75%, the Federal Reserve dropped a previous reference in its policy statement that it "will act as appropriate" to sustain the economic expansion. Instead, the Fed said it will "monitor the implications of incoming information for the economic outlook as it assesses the appropriate path" of its target interest rate. Eight of 10 officials voted to lower the Fed's benchmark rate.

Early Market Call - as of 8:50 AM EDT

WTI - Dec \$54.36, down 70 cents

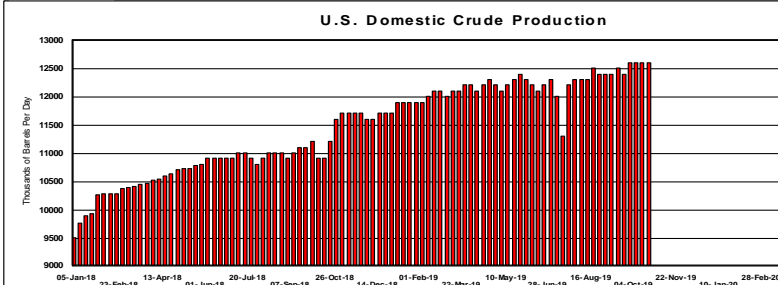
RBOB - Nov \$1.6110, down 68 points

HO - Nov \$1.8876, down 1.48 cents

All NYMEX | Prior Settlements

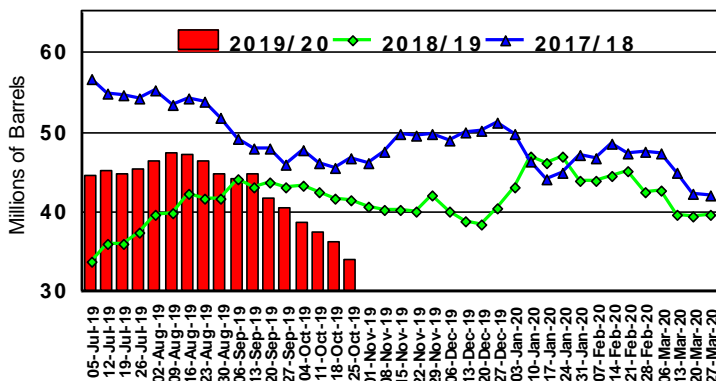
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Nov-19	1.9136	-0.0427	0.0507
Dec-19	1.9022	-0.0437	0.0500
Jan-20	1.8950	-0.0431	0.0473
Feb-20	1.8830	-0.0424	0.0632
Mar-20	1.8657	-0.0415	0.0460
Apr-20	1.8455	-0.0407	0.0449
May-20	1.8324	-0.0401	0.0441
Jun-20	1.8244	-0.0396	0.0429
Jul-20	1.8222	-0.0393	0.0423
Aug-20	1.8220	-0.0388	0.0415
Sep-20	1.8235	-0.0383	0.0409
Oct-20	1.8255	-0.0379	0.0408
Nov-20	1.8278	-0.0374	0.0406
Dec-20	1.8293	-0.0369	0.0398
Jan-21	1.8304	-0.0361	0.0389
Feb-21	1.8259	-0.0355	0.0386
Mar-21	1.8158	-0.0350	0.0393

Other Front Month NYMEX	Close	Change
Crude - WTI	\$55.0600	-\$0.4800
Crude - Brent	\$60.6100	-\$0.9800
Natural Gas	\$2.6910	\$0.0520
Gasoline	\$1.6645	-\$0.0212



Weekly EIA Petroleum Status Report for the Week Ending October 25, 2019

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 5.702 million barrels

Cushing, OK Crude Stocks Up 1.572 million barrels

Gasoline Stocks Down 3.037 million barrels

Distillate Stocks Down 1.032 million barrels

Refinery % Operated 87.7%, up 2.5%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Oct 25, 2019	Week Ending Oct 18, 2019	Week Ending Oct 26, 2018
New England	6.7	7.0	7.5
Central Atlantic	17.3	18.0	22.1
Total PADD #1	34.0	36.1	41.4
Distillate Imports (thousands b/d)	120	100	121

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