

## Market Commentary

**Recap:** Oil prices fell on Wednesday, with WTI settling at its lowest level in almost a month, as the dollar weakened and concern over gasoline demand overshadowed the 9.4 million barrel drop in U.S. crude oil inventories. The drop in crude oil inventories was due to a record fall in production, which dropped 1.1 million barrels per day to 9.7 million barrels per day, as most U.S. offshore facilities were shut as a precaution ahead of Hurricane Laura. October WTI fell \$1.25, or 2.9%, to settle at \$41.51 a barrel, the lowest level for a spot contract since August 7. November Brent shed \$1.15, or 2.5%, to settle at \$44.43 a barrel. Products also slipped, with October RBOB falling 1.9%, to \$1.202 a gallon and October heating oil losing 3.4% to \$1.1885 a gallon.

**Technical Analysis:** Based upon daily bar chart, October WTI blew through the 10 and 200-day moving averages, but stopped short of settling below the 50-day moving average, which is currently set at \$41.24. Coming into Thursday session, we would look for an attempt for WTI to break to the downside and to settle below the 50-day moving average. If this occurs a push toward the bottom of the sideways trading pattern set at \$37.54 could become a real possibility. To the upside, resistance is set at \$42.59 and \$43.96.

**Fundamental News:** The U.S. Department of Interior reported that U.S. Gulf of Mexico offshore oil output on Wednesday was down 368,223 bpd or 19.9% of the region's daily production. It said 59 of the U.S. Gulf of Mexico's 643 manned platforms remained evacuated, down from 71 production platforms on Tuesday. Producers also were resuming natural gas production, which was down by 532.55 million cubic feet/day or 19.7% of the region's daily production.

Russia's Energy Ministry reported that the country's oil and gas condensate production in August increased by 5% to 41.7 million tons or 9.86 million bpd from 9.37 million bpd in July. The increase followed a decision by the OPEC+ group of oil-producing nations to ease their curbs on output to 7.7 million bpd from 9.7 million bpd. The deal excludes its condensate production of 700,000-800,000 bpd.

Russia's Energy Minister, Alexander Novak, said global oil demand has recovered by as much as 90% of pre-pandemic levels. He expects global oil demand to fully recover in the first half of second half of 2021 as he sees risks of a second coronavirus pandemic wave. He added that Russia will propose OPEC+ react to a recovery in global oil demand. Russia's Energy Minister expects Russia's oil output to fall by 10% to 510 million tons in 2020. He said Russia's oil output in August-December will fall about 13.8% from earlier planned levels.

Iraq's Oil Ministry spokesman said the country remained fully committed to the OPEC+ oil supply cut agreement, denying an earlier report that it was seeking an exemption from the agreement.

IIR Energy said U.S. oil refiners are expected to shut in about 5 million bpd of capacity in the week ending September 4<sup>th</sup>, increasing available refining capacity by 85,000 bpd from the previous week. Offline capacity is expected to fall to 4 million bpd in the week to September 11<sup>th</sup>.

**Early Market Call - as of 8:37 AM EDT**

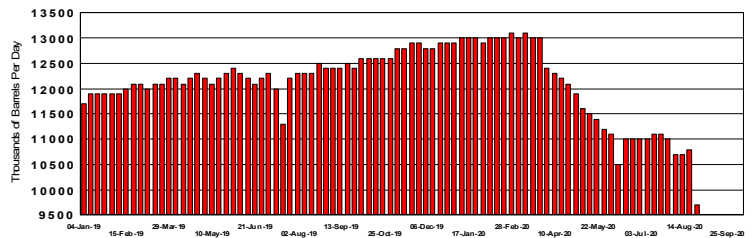
WTI - Oct \$40.76 down 75 cents  
 RBOB - Oct \$1.1887 down 1.33 cents  
 HO - Oct \$1.1560 down 3.25 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-20	1.1885	-0.0423	0.0717
Nov-20	1.2117	-0.0401	0.0678
Dec-20	1.2335	-0.0398	0.0664
Jan-21	1.2535	-0.0397	0.0659
Feb-21	1.2703	-0.0394	0.0658
Mar-21	1.2831	-0.0389	0.0648
Apr-21	1.2895	-0.0386	0.0643
May-21	1.2992	-0.0384	0.0638
Jun-21	1.3100	-0.0383	0.0637
Jul-21	1.3252	-0.0380	0.0631
Aug-21	1.3399	-0.0374	0.0620
Sep-21	1.3533	-0.0369	0.0609
Oct-21	1.3656	-0.0364	0.0598
Nov-21	1.3765	-0.0364	0.0593
Dec-21	1.3852	-0.0364	0.0587
Jan-22	1.3962	-0.0363	0.0588
Feb-22	1.4038	-0.0361	0.0580

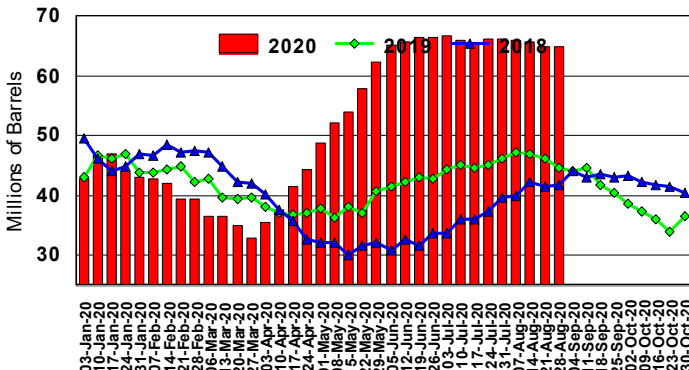
Sprague Heat Weighted Strip October -April 20/2021		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$2.58	\$41.8500	-\$1.2300
Crude - Brent		\$44.4300	-\$1.1500
Natural Gas		\$2.4860	-\$0.0410
Gasoline		\$1.2020	-\$0.0227

### U.S. Domestic Crude Production



## Weekly EIA Petroleum Status Report for the Week Ending August 28, 2020

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 9.362 million barrels  
 Cushing, OK Crude Stocks Up 110,000 barrels  
**Gasoline Stocks** Down 4.32 million barrels  
**Distillate Stocks** Down 1.675 million barrels  
**Refinery % Operated** 76.7%, down 5.3%

### PADD #1

	Week Ending August 28, 2020	Week Ending August 21, 2020	Week Ending August 29, 2019
Distillate Stocks (in million bbls)	12.3	12.3	7.8
Central Atlantic	38.4	38.1	25.4
Total PADD #1	64.8	65.0	44.6
Distillate Imports (thousands b/d)	127	106	109