

## Market Commentary

**Recap:** Oil prices finished close to unchanged on Friday, but posted their fourth straight week of gains, as traders remain uncertain as to the impact of the impending U.S. sanctions against Iran and whether or not efforts by major oil producers to raise output will be able to make up for any shortfalls. Speculators had accumulated bullish long positions to the tune of almost 1.2 billion barrels of crude oil. However, Friday's commitment of traders report indicated hedge funds cut their bullish wager on U.S. crude oil to the lowest level in nearly a year, as U.S. inventories rise and the market grapples with uncertainty ahead of the aforementioned sanctions. November WTI tacked on a penny to settle at \$74.34 a barrel; close to its four year high of \$76.41. December Brent lost 42 cents, or 0.5%, to end at \$84.16 a barrel. For the week, based on front-month contracts, WTI rose 1.5%, while Brent crude advanced by 1.7%. November RBOB settled at \$2.086 a gallon, down 0.7%, while November heating oil slipped 0.3%, to settle at \$2.392 a gallon. Both finished up on the week.

### Technical Analysis

This market continues to correct itself, as prices have posted lower lows for the third straight session. November WTI is closing in on \$73.69, the current 10-day moving average, making this our first level of support. The spot contract for WTI has not been below this average since Sept. 18. A break below \$74.30 will shift the minor trend to the downside. Support below this level is set at \$73.69 and \$72.95. Resistance is set at \$76.90 and \$77.40.

**Fundamental News:** Goldman Sachs in a research note to clients late Thursday said that "while upside price risks will prevail for now, fundamental data outside of Iran has not turned bullish in our view." They said they expect fundamentals to gradually become binding by early 2019 as new spare capacity comes online. Goldman noted that there was a higher initial inventory buffer heading into the 4Q2018 due to a production surge in Saudi Arabia in June and output from Libya and Nigeria being above expectations. They also noted that recent political shifts in Iraq increased the likelihood of a ramp up in Kurdistan production. The investment bank said the "potential issue of waivers on Iranian sanctions after November 4<sup>th</sup> are both a key indication of the U.S. stance as well as a way to stem the ongoing unwanted rally in prices." It said its base case is for Iranian oil volumes remains for a loss of 1.5 million b/d.

Baker Hughes reported this afternoon the number of drilling rigs working in the United States during the week ending October 5<sup>th</sup> stood at 861, down 2 from last week, and posting its third consecutive weekly decline.

Bloomberg estimated that global refinery outages totaled 6.57 million b/d in the week ending October 4<sup>th</sup>. This compares with 5.13 million b/d offline last week.

Colonial Pipeline announced it was allocating space on its main gasoline line, Line 1, for Cycle 58 shipments.

ICE reported that gasoil speculators cut net long positions by 4,840 contracts to 142,378 in the week ending October 2<sup>nd</sup>. Meanwhile, Brent crude speculators also reduced their net long positions by 14,398 lots to 481,945 contracts.

### Early Market Call - as of 9:10 AM EDT

WTI - Nov \$73.49 down 85 cents  
RBOB - Nov \$ 2.0571 down 2.90 cents  
HO - Nov \$ 2.3739 down 1.84 cents

## All NYMEX | Prior Settlements

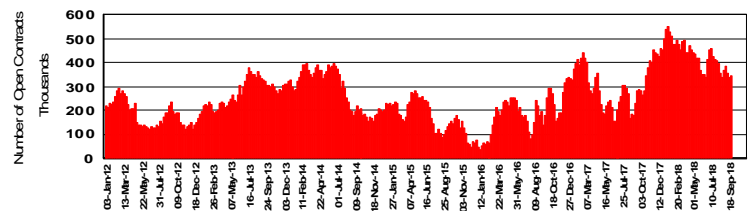
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Nov-18	\$2.3923	-\$0.0074	\$0.0438
Dec-18	\$2.3959	-\$0.0074	\$0.0433
Jan-19	\$2.3985	-\$0.0077	\$0.0429
Feb-19	\$2.3960	-\$0.0075	\$0.0433
Mar-19	\$2.3895	-\$0.0072	\$0.0445
Apr-19	\$2.3796	-\$0.0068	\$0.0462
May-19	\$2.3740	-\$0.0057	\$0.0485
Jun-19	\$2.3702	-\$0.0045	\$0.0509
Jul-19	\$2.3731	-\$0.0033	\$0.0526
Aug-19	\$2.3772	-\$0.0024	\$0.0533
Sep-19	\$2.3829	-\$0.0016	\$0.0535
Oct-19	\$2.3882	-\$0.0008	\$0.0538
Nov-19	\$2.3920	-\$0.0006	\$0.0533
Dec-19	\$2.3944	-\$0.0008	\$0.0523
Jan-20	\$2.3950	-\$0.0007	\$0.0520
Feb-20	\$2.3868	-\$0.0006	\$0.0503
Mar-20	\$2.3754	-\$0.0005	\$0.0479

## Sprague Heat Curve November - March \$2.3949

Other Front Month NYMEX	Close	Change
Crude - WTI	\$74.2600	\$0.0100
Crude - Brent	\$84.1600	-\$0.4200
Natural Gas	\$3.1430	-\$0.0220
Gasoline	\$2.0861	-\$1.4300

## Commitment of Traders Report:WTI

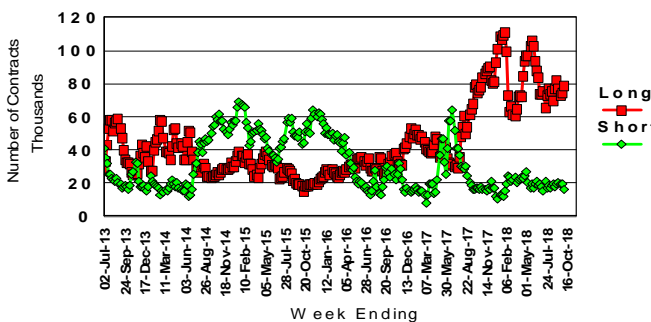
Managed Money Reportable Net Positions  
ICE & NYMEX



## Commitment of Traders Report for the Week Ending October 2, 2018

### Managed Money Heat Positons

CFTC Commitment of Traders Report



### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report

