



MarketWatch | Refined Products

Tuesday, October 2, 2018

Market Commentary

Recap: Oil prices rallied on Monday after the U.S. and Canada reached a preliminary deal to revise the North American Free Trade Agreement. The agreement eased worries that trade tensions would hamper demand. This comes on the heels of the approaching November 4th date for U.S. sanctions against Iran. Brent rose to a fresh four year high peaking the session at \$75.77 a barrel, while WTI traded above \$75 a barrel for the first time since June of 2015. December Brent settled at \$84.98 a barrel, up \$2.05, or 2.72%, while November WTI tacked on \$2.05, or 2.80%, to settle at \$75.30 a barrel. Both Brent and WTI settled at their highest level in almost four years. November RBOB rose 2% to settle at \$2.128 a gallon, while November heating oil gained 2.5% to settle at \$2.408 a gallon.

Technical Analysis

WTI traded above \$73.96, the 38% retracement of its fall from the 2011 high of \$134.12 and the 2016 low of \$36.11. With moving average oscillators still trending to the upside, we would look for additional moves higher. Resistance is set at \$76.59 and \$77.40. Support is set at \$73.96 and \$72.95.

Fundamental News:

Genscape reported Monday morning that it estimated crude oil inventories at Cushing, OK as of Friday, September 28th stood at 27,244,167 barrels up 485,239 barrels from September 25th and up 1,506,205 barrels from a week earlier.

S&P Global Platts reported that stocks of gasoil in Switzerland were falling to unusually low seasonal levels due to the recent low water levels on the Rhine River.

Commerzbank Monday raised up its year end Brent forecast to \$85 per barrel.

Genscape reported the Seaway pipeline was shut Monday morning. The line was flowing at near 391,000 b/d and normally has a 400,000 b/d capacity running between Cushing and Freeport, Texas.

U.S. oil refiners are estimated to have 1,360,000 b/d of capacity offline in the week ending October 5th some 131,000 b/d less than a week ago.

On Monday, President Trump announced the United States, Canada and Mexico had reached an agreement on the new United States-Mexico-Canada (USMCA) trade pact that would replace the NAFTA trade pact. The new agreement President Trump claimed would support "hundreds of thousands" of U.S. jobs. The markets saw the announcement as taking away from some of the concerns that a trade war was going to impact growth.

Early Market Call - as of 9:05 AM EDT

WTI - Nov \$75.44 up 14 cents
 RBOB - Nov \$2.1270 down 5 points
 HO - Nov \$2.4063 down 16 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-18	\$2.4079	\$0.0594	\$0.1773
Dec-18	\$2.4114	\$0.0588	\$0.1759
Jan-19	\$2.4144	\$0.0588	\$0.1756
Feb-19	\$2.4123	\$0.0596	\$0.1752
Mar-19	\$2.4055	\$0.0605	\$0.1752
Apr-19	\$2.3945	\$0.0611	\$0.1747
May-19	\$2.3864	\$0.0609	\$0.1724
Jun-19	\$2.3799	\$0.0606	\$0.1698
Jul-19	\$2.3807	\$0.0602	\$0.1677
Aug-19	\$2.3836	\$0.0597	\$0.1649
Sep-19	\$2.3889	\$0.0595	\$0.1628
Oct-19	\$2.3938	\$0.0594	\$0.1601
Nov-19	\$2.3973	\$0.0586	\$0.1562
Dec-19	\$2.3996	\$0.0575	\$0.1507
Jan-20	\$2.4003	\$0.0573	\$0.1455
Feb-20	\$2.3927	\$0.0562	\$0.1352
Mar-20	\$2.3831	\$0.0556	\$0.1327

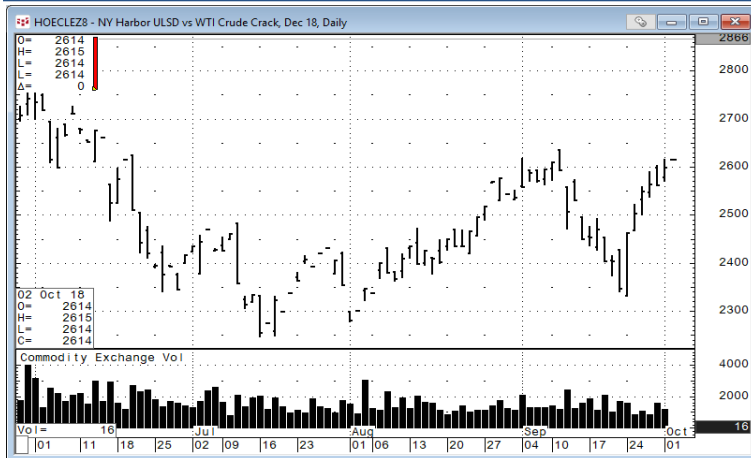
Sprague HeatCurve Oct 2018-April 2019 \$2.4052

Other Front Month NYMEX		Close	Change
Crude - WTI	Dec Brent-	\$75.1400	\$2.0800
Crude - Brent	WTI Spread	\$84.9800	\$2.2500
Natural Gas	\$9.84	\$3.0940	\$0.0860
Gasoline		\$2.1275	\$0.0418

ICE December Brent - WTI Spread



Dec Heat Crack Spread



Dec RBOB Crack Spread

