

Market Commentary

Recap: Oil prices slide to their lowest level since June on Tuesday, as Saudi Arabia cut its selling price amid a global rise in the number of coronavirus cases, which has stalled an economic recovery. Adding to the pressure was a dramatic drop in the U.S. stock market, which is approaching a key technical area down around its 50-day moving average and an end to the U.S. summer driving season. October WTI tumbled as much as 9.15%, reaching a session low of \$36.13 a barrel before paring losses to settle at \$36.76, down \$3.01, or 7.57%. Brent futures slipped below \$40 for the first time in three months, with the November contract settling at \$49.78 a barrel, down \$2.23, or 5.31%. October RBOB fell 6.3% to \$1.1028 a gallon, while October heating lost 6.5%, to settle at \$1.078 a gallon.

Technical Analysis: WTI has been trading in a tight range since the middle of June and with the coronavirus appearing to spread, traders are becoming increasingly concerned about future demand. The push below \$40 has changed the mood of this market to that of a sell the rally as long as we remain below \$40. With this in mind, and a cross of the 10-day moving average below the 50-day moving average, we would look for a push toward the \$35 level, with breaks below it intensifying the panic and in turn increase selling. Below \$35, additional support is set at \$33 and below that at \$31.75. Resistance is set at \$40 and above that at \$41.85.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending September 4th increased by 1,011,303 barrels and by 302,316 barrels from Tuesday, September 1st to 56,494,741 barrels.

Oil producers in the top U.S. shale fields are stockpiling drilling permits on federal land ahead of the November U.S. presidential election, concerned that a win by Democratic candidate, Joe Biden, could lead to a clamp-down on oilfield activity. Presidential candidate Joe Biden has stated that he does not want to ban fracking outright, putting him at odds with many environmentalists and Democratic Party activists. However, his climate plan includes banning new oil and gas permits on public lands, which industry groups say would hurt the economy and cut off an energy boom. According to data firm, Enerus, as of August 24th producers have received 974 permits so far this year for new wells on federal land in the Permian, compared with 1,068 for all of last year and 265 in 2018. In the 90 days up till August 24th, producers received 404 permits in the Permian, compared with 225 and 11 in the same period in 2019 and 2018, respectively.

U.S. President Donald Trump is set to endorse an extended ban on offshore oil development in the Gulf of Mexico off Florida's west coast.

Baker Hughes expects the outlook for oil and gas markets to remain highly uncertain due to the pandemic and plans business "rationalizations".

Russia's Energy Minister, Alexander Novak, said that the OPEC+ group this month may discuss countries which have underperformed in reducing their oil production. He said he had no information on any requests from such countries to extend the time granted to them to compensate for their overproduction. An OPEC+ panel is due to hold an online meeting in mid-September. Separately, Russia's Energy Minister, Alexander Novak, said it was "extremely important" for Russia and other oil producers to quickly regain, or even raise, their market share once the demand recovers.

Early Market Call - as of 8:59 AM EDT

WTI - Oct \$37.25, up 49 cents
 RBOB - Oct \$1.1161, up 1.33 cents
 HO - Oct \$1.0842, up 74 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-20	1.0768	-0.0747	0.1540
Nov-20	1.0952	-0.0740	0.1566
Dec-20	1.1160	-0.0741	0.1573
Jan-21	1.1369	-0.0748	0.1563
Feb-21	1.1561	-0.0750	0.1536
Mar-21	1.1706	-0.0747	0.1514
Apr-21	1.1793	-0.0736	0.1488
May-21	1.1912	-0.0726	0.1464
Jun-21	1.2049	-0.0714	0.1434
Jul-21	1.2227	-0.0703	0.1405
Aug-21	1.2394	-0.0695	0.1379
Sep-21	1.2549	-0.0685	0.1353
Oct-21	1.2691	-0.0675	0.1329
Nov-21	1.2812	-0.0671	0.1317
Dec-21	1.2910	-0.0667	0.1306
Jan-22	1.3030	-0.0660	0.1295
Feb-22	1.3116	-0.0651	0.1283

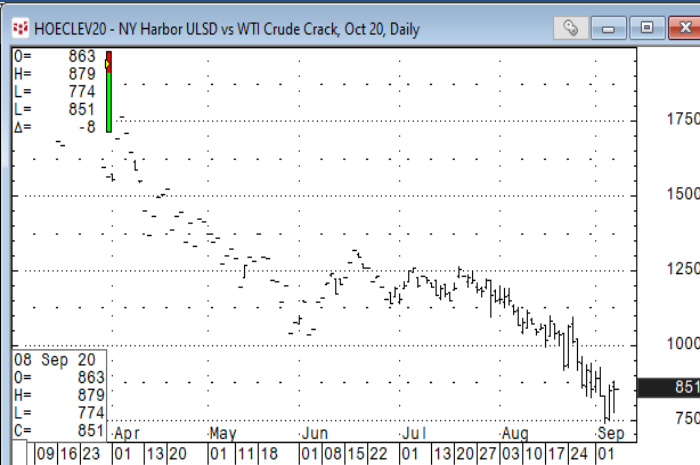
Sprague Heat Weighted Strip October -April 20/2021 \$1.1367

	Close	Change
Crude - WTI	\$37.1900	-\$2.9600
Crude - Brent	\$39.7800	-\$2.2300
Natural Gas	\$2.4000	-\$0.1880
Gasoline	\$1.1028	-\$0.0744

ICE November Brent-WTI Spread



October Heating Oil Crack Spread



October RBOB Crack Spread

