

Market Commentary

Recap: Oil prices opened slightly higher on Thursday, but were unable to gather momentum to the upside. Macroeconomic worries and lower demand forecasts outweighed concern regarding supply shortfalls due to the impending U.S. sanctions against Iran, and in turn pushed prices to fresh weekly lows. November WTI fell as much as 2% lower on the day, reaching a bottom of \$68.53 a barrel before paring gains. The soon to expire spot contract settled at \$68.65 a barrel, down \$1.10, or 1.58%. Brent for December delivery lost 76 cents, or 0.95%, to settle at \$79.29 a barrel. Oil prices have declined 4% over the past 2 days. November RBOB fell 1.4%, to settle at \$1.891 a gallon, while November heating oil lost 0.7%, settling at \$2.295 a gallon.

Technical Analysis

November WTI validated its break below the 50-day moving average by holding below it on a mild run-up, and then retreating from it. At this point in time, we would look for extended moves to the downside, with \$67.84 our initial downside objective, with additional support set at \$66.57. Resistance is set at \$70.04 and \$71.74.

Fundamental News: U.S. Secretary of State Pompeo briefed President Trump on the results of his trip to Saudi Arabia and Turkey Thursday morning. He said he asked President Trump to give Saudi Arabia a few more days to wrap up its investigation into the disappearance of the Saudi dissident journalist Khashoggi. Meanwhile U.S. Treasury Secretary Mnuchin announced he would follow other corporate and world government officials and would not be attending an investor conference in Riyadh scheduled for next week.

PIK reported Thursday morning gasoil stocks in the ARA hub stood at 2.874 million tonnes down 5.3% from the previous week, but still 13.9% higher than the same week a year ago. Gasoline stocks on the week stood at 988,000 tonnes, down 7.1% from the prior week but 22.9% above a year ago.

Water levels on the Rhine River fell to a record low on Thursday and currently are forecast to continue to fall even further, hampering oil product barge trading in Northwest Europe.

The U.S. EPA said Thursday U.S. generation of renewable fuel blending credits fell in September versus the previous month. The U.S. generated 1.22 billion ethanol credits in September versus 1.36 billion in August, while 322 million biodiesel blending credits were created in September versus 350 million in August.

The acting head of the EPA said Thursday the agency has the authority to allow sales of higher ethanol blends of gasoline year round without an act of Congress. The EPA previously has prohibited summer sales of E15 in certain areas because of smog concerns.

Reuters reported an unprecedented volume of Iranian crude oil is set to arrive at China's northeastern port of Dalian this month and into early November. The National Iranian Tanker Company said it is shipping more than 20 million barrels to the port. Prior to this period, the port in Dalian would receive between 1 and 3 million barrels of Iranian oil each month for the past three years.

Early Market Call - as of 8:58 AM EDT

WTI - Nov \$69.30 up 65 cents
RBOB - Nov \$1.9185 up 2.74 cents
HO - Nov \$2.3147 up 1.98 cents

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Nov-18	\$2.2949	-\$0.0162	-\$0.0373
Dec-18	\$2.2964	-\$0.0161	-\$0.0371
Jan-19	\$2.2980	-\$0.0168	-\$0.0369
Feb-19	\$2.2956	-\$0.0172	-\$0.0359
Mar-19	\$2.2900	-\$0.0173	-\$0.0340
Apr-19	\$2.2795	-\$0.0174	-\$0.0332
May-19	\$2.2737	-\$0.0179	-\$0.0328
Jun-19	\$2.2703	-\$0.0186	-\$0.0328
Jul-19	\$2.2739	-\$0.0192	-\$0.0325
Aug-19	\$2.2789	-\$0.0194	-\$0.0317
Sep-19	\$2.2852	-\$0.0195	-\$0.0307
Oct-19	\$2.2916	-\$0.0194	-\$0.0294
Nov-19	\$2.2976	-\$0.0196	-\$0.0283
Dec-19	\$2.3024	-\$0.0201	-\$0.0282
Jan-20	\$2.3038	-\$0.0202	-\$0.0274
Feb-20	\$2.2963	-\$0.0204	-\$0.0276
Mar-20	\$2.2846	-\$0.0205	-\$0.0293

Sprague Heat Curve Nov-March

Other Front Month NYMEX	Close	Change
Crude - WTI	\$68.7600	-\$0.9900
Crude - Brent	\$79.2900	-\$0.7600
Natural Gas	\$3.1980	-\$0.1220
Gasoline	\$1.8911	-\$0.0276

EIA Working Gas Storage Report

EIA Weekly Report				
	12-Oct-18	05-Oct-18	Change	Year Ago
East	812	790	22	899
Midwest	908	871	37	1,050
Mountain	177	180	-3	224
Pacific	264	262	2	316
South Central	877	854	23	1,150
Salt	203	191	12	303
Nonsalt	673	663	10	847
Total	3,037	2,956	81	3,638

Sprague Weighted Heat Curve

NYMEX Dec Heat Crack

Sprague Heat Curve: November 2018 - March 2019

