

## Market Commentary

**Recap:** Oil prices fell on Thursday, stemming three straight sessions of gains, as traders anticipated a quick recovery for the energy market in the Gulf of Mexico after one of the strongest hurricanes in years made landfall near the heart of the U.S. refining industry. Production in the region was shut by 1.56 million barrels per day, or 84%, with 310 offshore facilities evacuated. October WTI fell 35 cents, or 0.8%, to settle at \$43.04 a barrel, while Brent for October delivery declined 55 cents, or 1.2%, to settle at \$45.09 a barrel. September RBOB fell 5.6% to \$1.2845 a gallon, while September heating oil lost 2.7%, to settle at \$1.2107 a gallon.

**Technical Analysis:** Despite today's setback, October WTI remains in a slightly upward trend. Even though it breached the 10 and 200-day moving averages, this spot contract failed to settle below them. As long as we hold above \$42.01, the 50% retracement provided by the April low of \$23.26 and the January high of \$60.75, this market remains bullish. Should \$42.01 fail as support, this market could slip to last week's low of \$41.46. Below this level, additional support is set at \$40. To the upside, resistance is set at \$46.43 and \$49.

**Fundamental News:** The U.S. Bureau of Safety and Environment Enforcement said energy companies cut 84% of offshore crude oil output in the U.S. regulated northern Gulf of Mexico by Thursday due to Hurricane Laura. It also stated that 60% of natural gas output was shut in the Gulf.

The U.S. Energy Department said it shut two of four sites of the national emergency oil reserve temporarily because of Hurricane Laura. It shut the Big Hill site in Texas and the West Hackberry site in Louisiana due to Hurricane Laura. The other two SPR sites, Bryan Mound in Texas and Bayou Choctaw in Louisiana, are open and can deliver oil should the department get requests from refiners.

BP said its preparing to resume operations at its Gulf of Mexico facilities. It said it will inspect for any potential damage resulting from Hurricanes Marco and Laura at its Gulf of Mexico facilities. It added that production will remain shut in until confirmation that platforms are able to operate safely.

Chevron Corp has started to restore production and redeploy personnel at its platforms in the Gulf of Mexico after it shut its facilities due to Hurricane Laura. The company said the post-Laura assessment of the Pasadena, Texas and Pascagoula, Mississippi refineries had been completed and that those facilities were unaffected but did not comment about the restart schedule for its refinery operations.

The two main lines of Colonial Pipeline continue to operate after Hurricane Laura made landfall in Louisiana overnight. The company is assessing facility and pipelines as the storm clears.

Valero Energy Corp's 335,000 bpd Port Arthur, Texas refinery reported excess emissions associated with shutdown activities in preparation for Hurricane Laura.

Exxon Mobil Corp began preparing its 369,024 bpd Beaumont, Texas refinery and adjoining chemical plant for restart following the passage of Hurricane Laura. Exxon will complete an inspection of the Beaumont complex for possible damage before the restart begins.

Royal Dutch Shell Plc said there was only minimal operational impact at its 318,000 bpd Deer Park, Texas facility due to Hurricane Laura. The company had planned to continue operations at the site despite the storm.

**Early Market Call - as of 8:21 AM EDT**

WTI - Oct \$43.05 up 1 cent  
 RBOB - Sep \$1.2886 up 41 points  
 HO - Sep \$1.2099 down 8 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-20	1.2107	-0.0340	0.0360
Oct-20	1.2293	-0.0309	0.0352
Nov-20	1.2516	-0.0279	0.0331
Dec-20	1.2748	-0.0251	0.0296
Jan-21	1.2963	-0.0231	0.0269
Feb-21	1.3142	-0.0219	0.0242
Mar-21	1.3267	-0.0212	0.0218
Apr-21	1.3328	-0.0210	0.0210
May-21	1.3415	-0.0215	0.0207
Jun-21	1.3518	-0.0219	0.0206
Jul-21	1.3664	-0.0219	0.0206
Aug-21	1.3802	-0.0217	0.0208
Sep-21	1.3926	-0.0216	0.0213
Oct-21	1.4041	-0.0213	0.0214
Nov-21	1.4148	-0.0210	0.0213
Dec-21	1.4232	-0.0207	0.0212
Jan-22	1.4346	-0.0204	0.0205

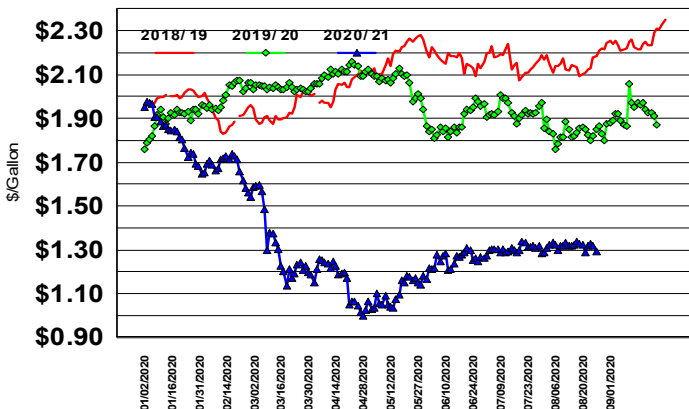
Sprague Heat Weighted Strip October -April 20/2021		\$1.2938
	Close	Change
Crude - WTI	\$43.0400	-\$0.3500
Crude - Brent	\$45.0900	-\$0.5500
Natural Gas	\$2.5790	\$0.1180
Gasoline	\$1.2845	-\$0.0761

### EIA Working Gas Storage Report

	21-Aug-20	14-Aug-20	Change	Year Ago
East	775	750	25	676
Midwest	904	880	24	781
Mountain	212	209	3	172
Pacific	306	313	-7	277
South Central	1,223	1,223	0	934
Salt	334	335	-1	201
Nonsalt	889	888	1	734
Total	3,420	3,375	45	2,840

## Sprague Heat Curve October-April

### Sprague HeatCurve October-April



## ICE October Brent-WTI Spread

