

## Market Commentary

**Recap:** Oil prices declined on Tuesday after U.S. consumer confidence fell to 125.1 in September and after Iranian President Hassan Rouhani said he was open to discuss small changes to the 2015 nuclear deal if the U.S. lifted sanctions on his country. Also contributing to the slip in prices, was U.S. President Donald Trump's sharp criticism of China's unfair trade practices in a speech at the U.N. General Assembly. November WTI fell as much as \$1.79, or 3%, to a low of \$56.85 a barrel by 2:06 p.m. EST, before paring losses for a settlement of \$57.29 a barrel, down \$1.35, or 2.3%. November Brent slipped \$2.11, or 3.2%, falling to \$62.66 a barrel before it too trimmed losses to settle at \$63.10 a barrel, down \$1.67, or 2.6%. After the release of the API report, which showed a surprise build of 1.4 million barrels in U.S. crude oil stocks, November WTI slipped to a fresh session low of \$56.69 a barrel, while November Brent hit a new low of \$62.34 a barrel. October RBOB fell 1.8% to \$1.6543 a gallon, while October heating oil lost 1.5% to \$1.9676 a gallon.

**Technical Analysis:** November WTI slipped below \$57.74, the 10-day moving average, as it continues to close in on \$55.68, the bottom of the gap. At this point in time, we would look for continued downside pressure with this market working to fill the gap. Failed attempts to hold above the 10-day moving average should be viewed as selling opportunities. Resistance is set at \$57.74 and above that at \$58.66. To the downside, support is set at \$56.43 and below that at \$56.09 and the gap bottom of \$55.68.

**Fundamental News:** In his speech to the UN General Assembly, President Donald Trump said all nations have a duty to act on Iran. He said sanctions on Iran will not be lifted and will be tightened as long as Iran continues its menacing behavior.

Iran's President, Hassan Rouhani, said he is open to discussing small changes, additions or amendments to the nuclear deal if sanctions imposed on Iran are lifted.

France's President, Emmanuel Macron told his Iranian counterpart, Hassan Rouhani, that the path to reduce tensions in the region has become smaller and the moment has come for Iran to help defuse the crisis. The two leaders talked for more than 90 minutes shortly after Macron, British Prime Minister, Boris Johnson and German Chancellor, Angela Merkel, laid the blame for a September 14<sup>th</sup> attack on Saudi oil facilities on Iran.

Iran's Foreign Ministry spokesman, Abbas Mousavi, said that a statement by Britain, France and Germany accusing it of responsibility for attacks on Saudi oil facilities showed that they lacked the will to confront US "bullying."

Traders said Saudi Aramco's trading arm is seeking crude from neighboring countries to supply foreign refineries.

Russia's Energy Minister, Alexander Novak, said that the country has the capacity to increase its oil production by 500,000 bpd. He said that Russian oil production is seen at 554-556 million tons or 11.08 million bpd-11.12 million bpd this year. He also stated that Russia has not asked Saudi Arabia to increase oil production in the wake of attacks on Saudi Arabia's oil infrastructure.

Norway's Petroleum Directorate stated that Norway's oil output in August fell by 10.1% to 1.353 million bpd of oil equivalents, lagging an official forecast by 4%. Its daily natural gas output fell by 19.8% on the year, lagging forecasts by 11.3%.

The US EPA granted some refineries full waivers from the country's biofuels regulation for the 2018 compliance year, even though the Department of Energy had recommended partial exemptions for those facilities. The decision is likely to upset the US corn lobby, which has stated that the Trump administration's decision in August to grant 31 full exemptions to refineries poses a threat to corn-based ethanol demand.

**Early Market Call - as of 9:00 AM EDT**

**WTI - Nov \$56.18, down \$1.11**

**RBOB - Oct \$1.6183, down 3.49 cents**

**HO - Oct \$1.9349, down 3.31 cents**

## All NYMEX | Prior Settlements

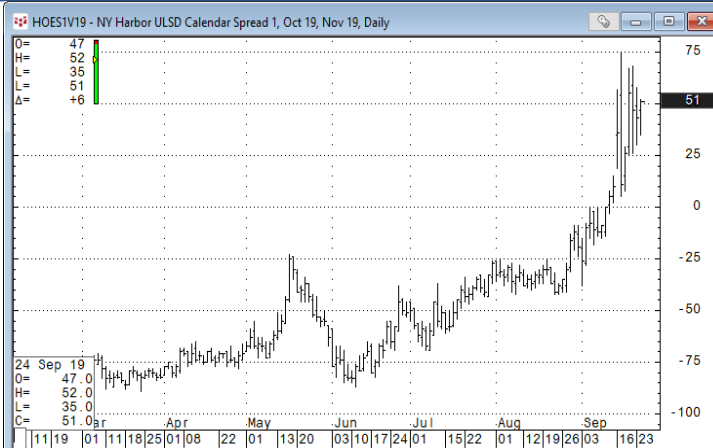
| Month  | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
|        | Close     | Change       | One Week  |
| Oct-19 | 1.9676    | -0.0294      | -0.0220   |
| Nov-19 | 1.9630    | -0.0295      | -0.0259   |
| Dec-19 | 1.9556    | -0.0308      | -0.0290   |
| Jan-20 | 1.9465    | -0.0318      | -0.0321   |
| Feb-20 | 1.9335    | -0.0319      | -0.0353   |
| Mar-20 | 1.9152    | -0.0319      | -0.0379   |
| Apr-20 | 1.8943    | -0.0318      | -0.0385   |
| May-20 | 1.8799    | -0.0311      | -0.0378   |
| Jun-20 | 1.8676    | -0.0301      | -0.0366   |
| Jul-20 | 1.8634    | -0.0292      | -0.0351   |
| Aug-20 | 1.8616    | -0.0281      | -0.0333   |
| Sep-20 | 1.8619    | -0.0268      | -0.0309   |
| Oct-20 | 1.8624    | -0.0260      | -0.0292   |
| Nov-20 | 1.8636    | -0.0253      | -0.0288   |
| Dec-20 | 1.8642    | -0.0247      | -0.0285   |
| Jan-21 | 1.8653    | -0.0243      | -0.0279   |
| Feb-21 | 1.8592    | -0.0238      | -0.0270   |

| Sprague HeatCurve Oct 2019-Apr 2020 |            | \$1.9396  |           |
|-------------------------------------|------------|-----------|-----------|
| Other Front Month NYMEX             |            | Close     | Change    |
| Crude - WTI                         | Nov Brent- | \$57.2900 | -\$1.3500 |
| Crude - Brent                       | WTI Spread | \$63.1000 | -\$1.6700 |
| Natural Gas                         | \$5.81     | \$2.5030  | -\$0.0240 |
| Gasoline                            |            | \$1.6543  | -\$0.0295 |

## API Weekly Report for the Week Ending September 20, 2019

|                                  | Actual                   | Mkt Expectations         |
|----------------------------------|--------------------------|--------------------------|
| <b>Crude Oil Stocks(exl SPR)</b> | Up 1.4 million barrels   | Down 800,000 barrels     |
| Cushing, OK Crude Stocks         | Up 2.3 million barrels   |                          |
| <b>Gasoline Stocks</b>           | Up 1.9 million barrels   | Up 300,000 barrels       |
| <b>Distillate Stocks</b>         | Down 2.2 million barrels | Down 1.3 million barrels |
| <b>Refinery Runs</b>             | Down 411,000 bpd         | Down 0.6%                |

## NYMEX Heating Oil Oct-Nov Spread



## NYMEX RBOB Oct-Nov Spread

