



# MarketWatch | Refined Products

Monday, October 15, 2018

## Market Commentary

**Recap:** Oil prices staged a comeback on Friday, but suffered their first weekly loss in five weeks. OPEC's monthly report, which indicated a growth in the group's production, and the bearish EIA report released on Thursday, combined with OPEC and the IEA both lowering their demand forecasts were among the driving forces behind this week's downside move. Prices rose early in the session but pulled back to below unchanged, with WTI falling to a three week low, and Brent slipping to a two week low. Traders covered light shorts as the session progressed with both WTI and Brent posting mild gains. November WTI settled at \$71.34 a barrel, up 37 cents, or 0.52%, while Brent for December delivery tacked on 17 cents, or 0.21%, to settle at \$80.43 a barrel.

For the first time in 5-years, European gasoline crack spreads turned negative on Friday, hammered by overflowing stocks and weaker demand in the Atlantic basin. Stockpiles held at the Amsterdam-Rotterdam-Antwerp hub are sitting at record seasonal highs, while fuel demand in the U.S; a key export market remains low. Profit margins for converting crude oil into Eurobob gasoline were calculated at around -\$0.0906 a barrel at 1011GMT, the lowest since Dec 2, 2013, according to Reuters. November RBOB added 0.5% to \$1.942 a gallon. The contract dropped by 4.3% to \$1.933 a day earlier — the lowest finish since March. It lost 6.9% for the week. November heating oil lost 0.5% to \$2.321 a gallon, for a weekly loss of 3%.

**Technical Analysis** For the second straight day, November WTI held above the 62% retracement level of \$70.52, which was set by October's high of \$76.90 and September's low of \$66.57, while working its way back above \$71.74, the 50% retracement for the same range. Settlements below or above these two numbers will determine near term direction, with a settlement below \$70.52 leading to further downside movement, while a settlement above \$71.74 will be followed by additional moves higher. Support is set at \$69.58, the 50-day moving average, and below that at \$68.29. Resistance is set at \$71.74 and above that at \$72.95.

**Fundamental News:**

China imported 37.21 million tons of crude oil in September, down 3.0% from 38.38 million tons in the previous month. Imports of oil products rose 8.0% to 2.92 million tons while exports of oil products fell 23.5% to 4.07 million tons.

China's September exports rose a solid 14.5% from a year earlier, well above expectations despite wider application of US tariffs and signs of shrinking export orders for Chinese companies. Imports grew 14.3%, slightly missing forecasts, while analysts had expected imports to rise 15%, compared with August's 19.9%.

Russia has paid \$263 million to Belarus as part of a deal that covers exports of Russian oil to its neighbor, Belarus's Deputy Prime Minister told reporters. Russia, Belarus and Kazakhstan have a duty-free arrangement under which Moscow has been sending crude oil and oil products to Minsk with no export fee. Russia is also exporting some of that oil via Belarus further to Europe and is paying Minsk back associated export duties.

Oman crude oil sellers have locked in higher premiums for 2019 supplies than the previous year on the back of higher financing costs, several trade sources said on Friday. Oman cargoes with a 0.2% operations tolerance were sold at premiums of about 5 cents a barrel above the official selling price, against premiums of about 4 cents from the previous year. The rise in outright prices and higher interest rates have increased financing costs for traders when they purchase Oman on the Dubai Mercantile Exchange.

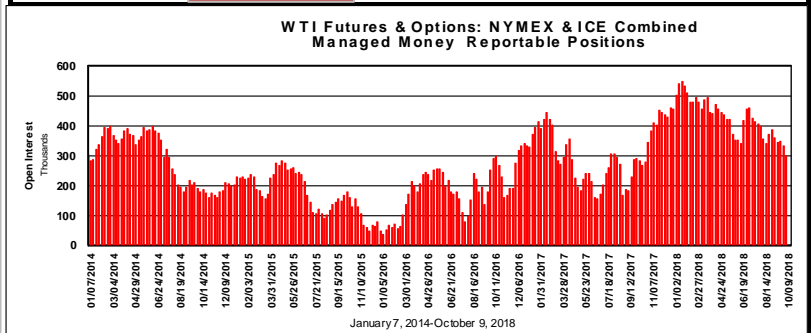
**Early Market Call - as of 8:58 AM EDT**

WTI - Nov \$71.91 up 57 cents  
 RBOB - Nov \$1.9507 up 87 points  
 HO - Nov \$2.3340 up 1.27 cents

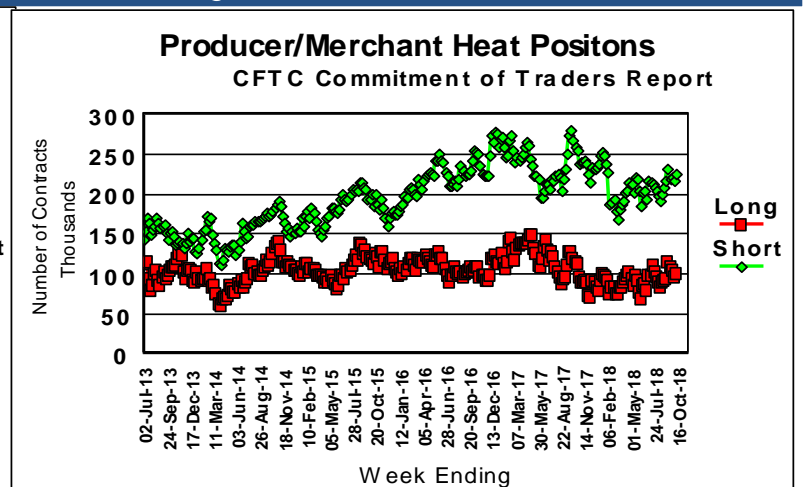
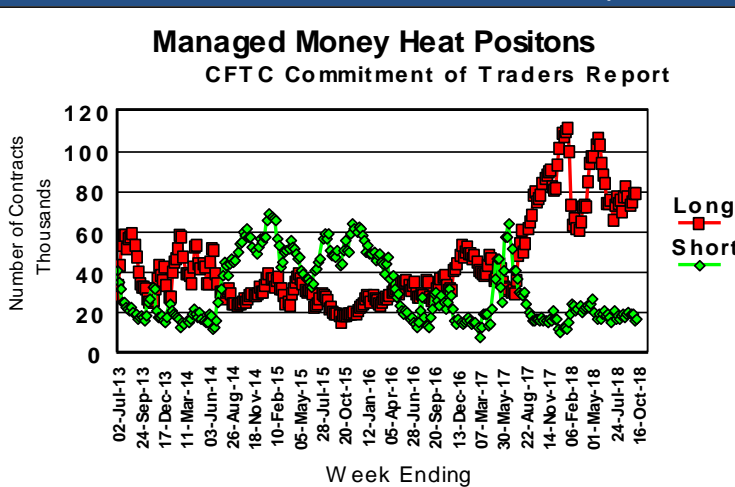
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-18	\$2.3213	-\$0.0109	-\$0.0710
Dec-18	\$2.3232	-\$0.0103	-\$0.0727
Jan-19	\$2.3249	-\$0.0100	-\$0.0736
Feb-19	\$2.3217	-\$0.0098	-\$0.0743
Mar-19	\$2.3150	-\$0.0090	-\$0.0745
Apr-19	\$2.3042	-\$0.0085	-\$0.0754
May-19	\$2.2988	-\$0.0077	-\$0.0752
Jun-19	\$2.2962	-\$0.0069	-\$0.0740
Jul-19	\$2.3003	-\$0.0061	-\$0.0728
Aug-19	\$2.3050	-\$0.0056	-\$0.0722
Sep-19	\$2.3105	-\$0.0054	-\$0.0724
Oct-19	\$2.3156	-\$0.0054	-\$0.0726
Nov-19	\$2.3201	-\$0.0058	-\$0.0719
Dec-19	\$2.3245	-\$0.0061	-\$0.0699
Jan-20	\$2.3258	-\$0.0054	-\$0.0692
Feb-20	\$2.3191	-\$0.0048	-\$0.0677
Mar-20	\$2.3096	-\$0.0043	-\$0.0658

Sprague Heat Curve Nov-March		\$2.3315	
Other Front Month NYMEX		Close	Change
Crude - WTI	Dec Brent-	\$71.1800	\$0.3700
Crude - Brent	WTI Spread		
Natural Gas	\$8.25	\$3.1610	-\$0.0610
Gasoline		\$1.9420	\$0.0093



## Commitment of Traders Report for the Week Ending October 9, 2018



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