

Market Commentary

Recap: Oil prices fell further on Wednesday after the Energy Information Administration reported a 3.1 million barrel build in U.S. crude oil inventories, a stark contrast to the 5.92 million barrel draw reported by the American Petroleum Institute. Analysts had expected a 1.57 million barrel increase. November WTI, which was trading at \$53.53 a barrel just prior to the release of the report, fell an additional \$1.36, or 2.5% to trade at a session low of \$52.17. December Brent slipped \$1.62, or 2.7%, hitting a low of \$57.27 a barrel. The bearish inventory numbers follow reports that Saudi production was now back to normal levels, the not so impressive U.S. manufacturing report, which indicated that manufacturing fell to its lowest level in 10 years and an announcement by Ecuador that it was leaving OPEC. All this, combined with the ongoing trade tensions between the U.S. and China, raised serious concerns about demand amid a slowing global economy and increasing supplies. Losses were pared, with November WTI settling at \$52.64 a barrel, down 98 cents, or 1.83% and December Brent settling at \$57.69 a barrel, down \$1.20, or 2.04%. This is the lowest settlement for oil prices in two months. November RBOB lost 2.8 cents, or 1.8%, to \$1.5455 a gallon, while November heating oil fell 2.6 cents, or 1.3%, at \$1.873 a gallon.

Technical Analysis: WTI received a bearish signal, as the 10-day moving average crossed below the 200-day moving average, an indication that we could see lower prices. With this in mind, we would look for a run at \$51.83; support provided by a long standing trend line drawn off the December 2018 low and the August 2019 low. A break below this line opens up the opportunity for a test of the \$50.00 level. Resistance is set at \$55.91 and above that at \$56.22.

Fundamental News: The IEA's Executive Director, Fatih Birol, said the IEA is in contact with officials in Saudi Arabia and other Middle East states, and is ready to act in the oil market if needed. He said the IEA saw 2019 oil demand increasing by 1.1 million bpd but said the forecast could be revised.

The UAE's Minister of Energy and Industry, Suhail al-Mazrouei, said OPEC and its allies were monitoring global oil markets, and that conformity levels were the same as previously announced at the last OPEC and non-OPEC joint ministerial monitoring committee meeting. Russia's President, Vladimir Putin, said that Russia would continue to be a responsible player in the alliance between OPEC and non-OPEC oil producing nations. He said it was important to use all available tools to balance the energy markets. Separately, Russia's Energy Minister, Alexander Novak, said OPEC and other oil producers need to coordinate more closely to reduce market volatility. He said oil prices were stable for now but the market outlook was uncertain. He said Russia is fully complying with the global oil output deal between OPEC and its allies in October. However, he said that output caps in place as part of the global oil production deal between OPEC and non-OPEC producers were temporary and that Russia would only undertake such cuts when they are in the national interest.

Iran's President, Hassan Rouhani, said a plan for talks presented to the US and Iran by French President, Emmanuel Macron, is broadly acceptable to Iran. He said some wording needed to be changed in the plan, which outlines that Iran will not pursue nuclear weapons and will help the security of the region and its waterways, while the US will remove all sanctions. It would also allow Iran to immediately resume oil sales. However he also stated during a cabinet meeting, that mixed messages about sanctions received from the US while he was there last week had undermined the possibility of talks. Separately, Iran's Supreme Leader, Ayatollah Ali Khamenei, said that Iran will continue reducing its commitments under the 2015 nuclear deal until it reaches a "desired result."

Early Market Call - as of 8:20 AM EDT

WTI - Nov \$52.40, down 24 cents

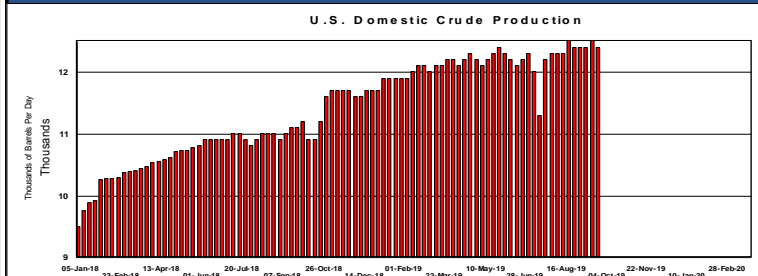
RBOB - Nov \$1.5471, up 16 points

HO - Nov \$1.8609, down 1.23 cents

All NYMEX | Prior Settlements

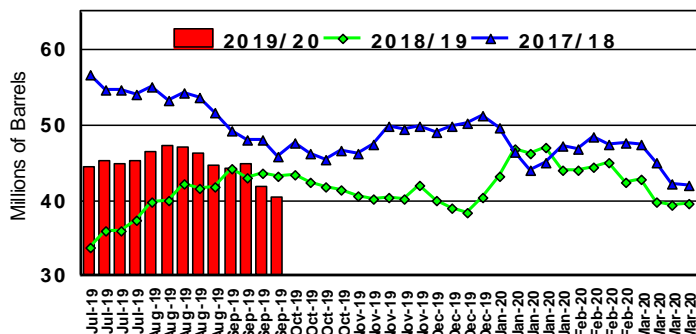
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-19	1.8730	-0.0255	-0.0767
Nov-19	1.8629	-0.0256	-0.0787
Dec-19	1.8511	-0.0254	-0.0811
Jan-20	1.8373	-0.0246	-0.0819
Feb-20	1.8196	-0.0236	-0.0816
Mar-20	1.8000	-0.0223	-0.0802
Apr-20	1.7883	-0.0216	-0.0778
May-20	1.7809	-0.0207	-0.0738
Jun-20	1.7806	-0.0199	-0.0704
Jul-20	1.7817	-0.0194	-0.0675
Aug-20	1.7839	-0.0191	-0.0653
Sep-20	1.7859	-0.0189	-0.0641
Oct-20	1.7879	-0.0185	-0.0631
Nov-20	1.7888	-0.0178	-0.0625
Dec-20	1.7907	-0.0175	-0.0621
Jan-21	1.7886	-0.0166	-0.0593
Feb-21	1.7820	-0.0157	-0.0564

Other Front Month NYMEX		Close	Change
Crude - WTI	Nov Brent-	\$52.5100	-\$0.9900
Crude - Brent	WTI Spread	\$57.6900	-\$1.2000
Natural Gas	\$5.18	\$2.2470	-\$0.0360
Gasoline		\$1.5455	-\$0.0282



Weekly EIA Petroleum Status Report for the Week Ending September 27, 2019

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 3.104 million barrels

Cushing, OK Crude Stocks Down 201,000 barrels

Gasoline Stocks Down 228,000 barrels

Distillate Stocks Down 2.418 million barrels

Refinery % Operated 86.4%, down 3.4%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Sep 27, 2019	Week Ending Sep 20, 2019	Week Ending Sep 28, 2018
New England	7.0	7.5	7.4
Central Atlantic	21.8	23.9	23.6
Total PADD #1	40.4	41.7	43.1
Distillate Imports (thousands b/d)	42	53	125