



# MarketWatch | Refined Products

Wednesday, October 2, 2019

## Market Commentary

**Recap:** Oil prices fell on Tuesday after a report by the ISM showed U.S. manufacturing activity falling to 47.8, its lowest level in 10-years and the second straight month, and as Ecuador announced that it plans to leave OPEC. While this is not a heck of a lot of oil, it means that Ecuador will no longer be tied to OPEC's production agreement. A reading below 50 indicates contraction. Prices were also pressured by a loss in equities. November WTI slipped as much as \$1.05, or 1.8%, to a session low of \$53.05 a barrel before trimming losses for a settlement of \$53.62 a barrel, down 45 cents or 0.83%. Brent for December delivery fell 36 cents, or 0.61%, to settle at \$58.89 a barrel. WTI, based on front-month contract prices, saw a 1.9% monthly decline, and lost 7.5% for the quarter. Brent scored a 0.6% monthly climb, but ended down 8.7% for the quarter. November RBOB added 0.5% to \$1.5737 a gallon and November heating oil shed nearly 0.1% to \$1.8985 a gallon.

**Technical Analysis:** The 10-day moving average continues to close in on the 200-day moving average, indicating near term weakness. Should this shorter term average cross below the longer term, we will most likely see a fresh round of selling enter the market, with the potential of reaching \$50.52, the level at which prices took off from. Below this level, additional support is set at \$49.80. To the upside, resistance is set at \$55.00 and above that at \$55.52.

**Fundamental News:** Two more petrochemical companies in Saudi Arabia, Sadara and Advanced Petrochemical Co., announced over the weekend that feedstock supplies from Saudi Aramco have returned to normal levels. Late last week, six of Saudi Arabia's petrochemical firms said feedstock ethane supplies from Saudi Aramco returned to normal. Feedstock supplies were cut to Saudi petrochemical companies after the attacks on Saudi Aramco oil facilities on September 14<sup>th</sup>.

Iraqi oil exports fell to 3.576 million b/d in September, down from 3.603 million b/d exported in August according to the Iraqi oil ministry.

The US EIA reported that Canada sent 366,290 bpd of crude by rail into the US in July, the highest level in six months, as Alberta continues to ease production curtailments.

TC Energy plans to restart preparatory work for construction of the stalled 830,000 bpd Keystone XL heavy oil pipeline, however two environmental groups have asked a Montana court to block the activities.

The Minnesota Public Utilities Commission said Enbridge is required to submit a final environmental impact assessment for its Line 3 pipeline within 60 days. It requested the inclusion of analysis of a potential oil spill into Lake Superior watershed.

Canada's energy regulator ordered Enbridge to halt an open season that offered contracted space on its Canadian Mainline system.

US President, Donald Trump, said US interest rates were "too high" and that a strong dollar was hurting US manufacturers. He said the Federal Reserve and its chairman, Jay Powell, allowed the dollar to get so strong that manufacturers are being negatively affected.

**Early Market Call - as of 7:30 AM EDT**

**WTI - Nov \$53.86, up 24 cents**  
**RBOB - Nov \$1.5745, up 9 points**  
**HO - Nov \$1.9007, up 20 points**

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-19	\$1.8985	\$0.0013	-\$0.0645
Dec-19	\$1.8885	\$0.0001	-\$0.0671
Jan-20	\$1.8765	-\$0.0009	-\$0.0700
Feb-20	\$1.8619	-\$0.0012	-\$0.0716
Mar-20	\$1.8432	-\$0.0012	-\$0.0720
Apr-20	\$1.8223	-\$0.0011	-\$0.0720
May-20	\$1.8099	-\$0.0010	-\$0.0700
Jun-20	\$1.8016	-\$0.0004	-\$0.0660
Jul-20	\$1.8005	\$0.0003	-\$0.0629
Aug-20	\$1.8011	\$0.0010	-\$0.0605
Sep-20	\$1.8030	\$0.0014	-\$0.0589
Oct-20	\$1.8048	\$0.0011	-\$0.0576
Nov-20	\$1.8064	\$0.0015	-\$0.0572
Dec-20	\$1.8066	\$0.0006	-\$0.0576
Jan-21	\$1.8082	\$0.0004	-\$0.0571
Feb-21	\$1.8052	\$0.0007	-\$0.0540
Mar-21	\$1.7977	\$0.0010	-\$0.0501

**Sprague HeatCurve Oct 2019-Apr 2020 \$1.7372**

Other Front Month NYMEX		Close	Change
Crude - WTI	Dec Brent-	\$53.5000	-\$0.4800
Crude - Brent	WTI Spread	\$58.8900	-\$0.3600
Natural Gas	\$5.39	\$2.2830	-\$0.0470
Gasoline		\$1.5737	\$0.0072

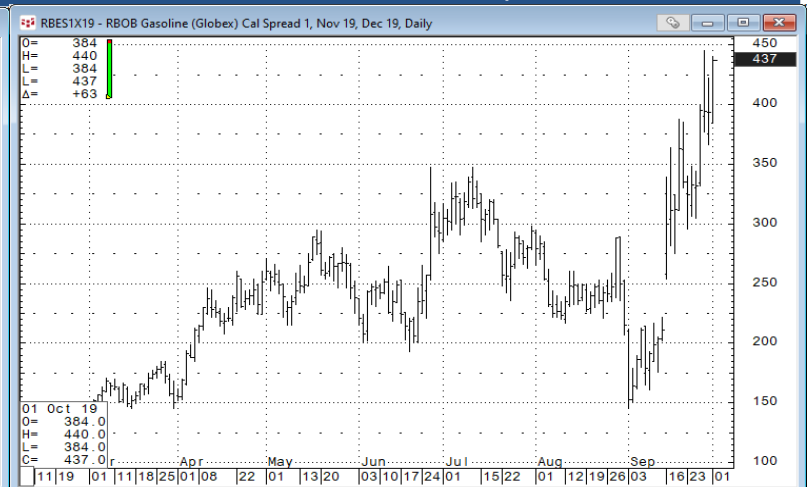
## API Report for the Week Ending September 27, 2019

	Actual	Mkt Expectations
<b>Crude Oil Stocks(exl SPR)</b>	Down 5.92 millioning barrels	Up 1.3 million barrels
Cushing, OK Crude Stocks	Up 373,000 barrels	Up 565,600 barrels
<b>Gasoline Stocks</b>	Up 2.1 million barrels	Up 308,000 barrels
<b>Distillate Stocks</b>	Down 1.7 million barrels	Down 2.2 million barrels
<b>Refinery Runs</b>	Down 486,000 bpd	Down 0.6%

## NYMEX Heating Oil Nov-Dec Spread



## NYMEX RBOB Nov-Dec Spread



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