

# MarketWatch | Refined Products

Wednesday, October 9, 2019

### **Market Commentary**

Recap: Oil prices, which received an early boost from unrest in Iraq and Ecuador, turned lower on Tuesday as tensions between the U.S. and China heated up over the last 24 hours, damping trader's hopes of the two countries reaching a trade accord. WTI for November delivery slipped below \$52.00 a barrel, to a session low of \$51.81, for a loss of 94 cents, or 1.7%, while December Brent hit a low of \$57.38 a barrel, down 97 cents or 1.6%. Gains were pared as the settlement period approached, with November WTI settling at \$52.63 a barrel, down 12 cents, or 0.23% and December Brent falling 11 cents, or 0.19%, to settle at \$58.24 a barrel. November RBOB rose 1.15 cents, or 0.7%, to close at \$1.5809 a gallon, while November heating oil ended 0.68 cent higher, up 0.4%, at \$1.9101 a gallon.

Technical Analysis: WTI continues to search for direction below \$54.00, while finding support above \$51.00. Although this market has built significant resistance above \$55.00, at the same time, it has failed to break below \$50.00. This will provide us with a bit of range trading until either one of these levels give way. Near term support is set at \$1.95, with near term resistance set at \$53.97, the current 10-day moving average.

Fundamental News: In its latest Short Term Energy Outlook, the EIA cut its 2019 oil demand growth by 50,000 to 840,000 bpd and its 2020 world oil demand growth forecast by 100.000 bpd to 1.3 million bpd. Total world oil demand is expected to total 100.82 million bpd in 2019 and 102.12 million bpd in 2020. The EIA reported that OPEC crude production fell by 2.13 million bpd to 29.83 million bpd in 2019 and by 210,000 bpd to 29.62 million bpd in 2020. However, non-OPEC supply is expected to increase by 2.07 million bpd to 65.59 million bpd in 2019 and by 2.19 million bpd to 67.78 million bpd in 2020. Meanwhile, US oil output is expected to increase by 1.27 million bpd to 12.26 million bpd in 2019 and by 910,000 bpd to 13.17 million bpd in 2020. US petroleum demand is expected to increase by 40,000 bpd, compared with a previous estimate of 140,000 bpd, to 20.54 million bpd in 2019 and increase by 220,000 bpd, compared with a previous estimate of 310,000 bpd, to 20.76 million bpd in 2020. In regards to prices, the EIA forecast Brent spot prices will average \$59/barrel in the fourth guarter of 2019 and fall to \$57/barrel by the second guarter of 2020. It forecast the price of Brent at \$60/barrel in 2020, down \$2/barrel from its previous estimate. The EIA also reported that US consumers will likely spend less to heat their homes this winter than last year due in part to forecasts for slightly warmer than normal temperatures. It said households using heating oil would spend 4% less and households using propane would spend 16% less. Saudi Arabia' cabinet affirmed the country's readiness to meet global oil needs.

According to S&P Global Platts, OPEC's crude oil production saw its steepest month-on-month decline in almost 17 years in September. Attacks on Saudi Arabia's Abqaiq processing facility and Khurais field caused its crude output to fall to 8.45 million bpd in September, combined with the effects of US sanctions on Iran and Venezuela, caused OPEC production to fall to 28.45 million bpd. It is down 1.48 million bpd on the month.

CNOOC stated that Britain's 150,000 bpd Buzzard oilfield is still shut down with no timeline for a restart. The field was shut down on Friday to repair pipework on the platform.

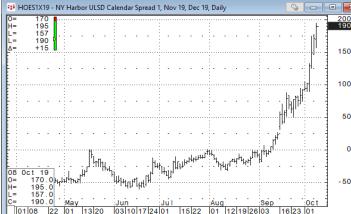
According to the semi-official Mehr news agency, Iran's Oil Minister, Bijan Zanganeh said sanctions have led to Iran's oil industry falling behind but added that Iran will resist.

Early Market Call - as of 8:45 AM EDT WTI - Nov \$53.16, up 53 cents RBOB - Nov \$1.5972, up 1.64 cents HO - Nov \$1.9291, up 1.89 cents

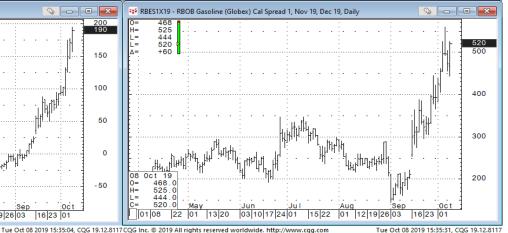
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	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
	\$1.9101	\$0.0068	\$0.0116
	\$1.8909	\$0.0051	\$0.0024
	\$1.8728	\$0.0039	-\$0.0037
	\$1.8555	\$0.0034	-\$0.0064
	\$1.8360	\$0.0033	-\$0.0072
	\$1.8142	\$0.0030	-\$0.0081
			-\$0.0098
	\$1.7917	\$0.0030	-\$0.0099
	\$1.7907	\$0.0030	-\$0.0098
	\$1.7915	\$0.0034	-\$0.0096
	\$1.7938	\$0.0035	-\$0.0092
	\$1.7967	\$0.0039	-\$0.0081
	\$1.7998	\$0.0045	-\$0.0066
	\$1.8015	\$0.0054	-\$0.0051
	\$1.8035	\$0.0059	-\$0.0047
			-\$0.0047
	\$1.7926	\$0.0064	-\$0.0051
nth NYMEX			Change
Dec Brent-	\$52.6200	)	-\$0.0900
			-\$0.1100
\$5.62			-\$0.0150
	<b>,</b>		\$0.0115
API Report for the Week Ending October 4, 2019			
ActualCrude Oil Stocks(exl SPR)Up 4.1 million baCushing, OK Crude StocksUp 1.2 million baGasoline StocksDown 5.9 millionDistillate StocksDown 4.0 millionRefinery RunsDown 71,000 bp			
	WTI Spread \$5.62 Report for the	Close \$1.9101 \$1.8909 \$1.8728 \$1.8555 \$1.8360 \$1.8142 \$1.8001 \$1.7917 \$1.7907 \$1.7907 \$1.7907 \$1.7907 \$1.7938 \$1.7967 \$1.7938 \$1.7967 \$1.7938 \$1.7967 \$1.7998 \$1.8015 \$1.8035 \$1.8005 \$1.8005 \$1.8005 \$1.8005 \$1.7926 The NYMEX Close \$58.2400\$5800\$5800\$5800\$5800\$5800\$5800\$5800\$5	Close Change   \$1.9101 \$0.0068   \$1.8909 \$0.0051   \$1.8909 \$0.0039   \$1.8555 \$0.0034   \$1.8555 \$0.0033   \$1.8142 \$0.0030   \$1.8001 \$0.0031   \$1.7917 \$0.0030   \$1.7917 \$0.0030   \$1.7917 \$0.0030   \$1.7938 \$0.0035   \$1.7915 \$0.0034   \$1.7938 \$0.0035   \$1.7947 \$0.0039   \$1.7957 \$0.0039   \$1.7988 \$0.0045   \$1.8015 \$0.0054   \$1.8035 \$0.0062   \$1.7926 \$0.0064   \$1.8005 \$0.0062   \$1.7926 \$0.0064   \$1.8005 \$0.0062   \$1.7926 \$0.0064   \$2.2880 \$1.5809   Report for the Week Ending October 4, 20

#### NYMEX Heating Oil Nov-Dec Spread



#### NYMEX RBOB Nov-Dec Spread



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## All NYMEX | Prior Settlements