

Market Commentary

All NYMEX | Prior Settlements

Recap: U.S. oil futures turned lower Tuesday, as traders bet that the departure of U.S. National Security Adviser John Bolton will ease tensions with Iran, potentially leading to the lifting of sanctions, which could put more oil on the market. This, along with the EIA cutting its U.S. and global benchmark crude-price, pushed oil prices off of their session highs. October WTI settled at \$57.40 a barrel, down 45 cents, or 0.78%, falling from its session high of \$58.76. November Brent lost 21 cents, or 0.34%, to settle at \$62.38 a barrel, pulling back from an earlier high of \$63.78 a barrel. Both benchmarks on Monday saw their highest settlements since July 31. October RBOB rose 0.4% to \$1.5908 a gallon, while October heating oil gained 0.2% to \$1.9312 a gallon.

Technical Analysis: After rising to its highest level in just over a month, WTI came under pressure, but held above the 200-day moving average for the second straight session, while settling above key support set at \$57.00. With Monday's break of the downward trend line, we could still see some follow-through buying, but remain cautious of the underlying fundamentals like global demand growth and the U.S./China trade negotiations. Support is set at \$57.00 and the downward trend line, which is currently set at \$56.51. To the upside resistance rests at \$58.99 and \$60.95.

Fundamental News: The EIA stated in its Short Term Energy Outlook that world oil demand in 2019 is expected to increase by 890,000 bpd to 100.82 million bpd, while demand in 2020 is expected to increase by 1.4 million bpd to 102.22 million bpd. OPEC oil production in 2019 is expected to fall by 1.93 million bpd to 30.03 million bpd and fall by 430,000 bpd to 29.6 million bpd in 2020. However, non-OPEC supply is expected to increase by 2.18 million bpd to 65.68 million bpd in 2019 and by 2.21 million bpd to 67.89 million bpd in 2020. Meanwhile, US petroleum demand is expected to increase by 140,000 bpd to 20.59 million bpd in 2019 and increase by 260,000 bpd to 20.85 million bpd in 2020. Its forecast for 2020 was increased by 990,000 bpd to 13.23 million bpd, up from a previous estimate of 13.26 million bpd. In regards to prices, the EIA forecast Brent spot prices will average \$60/barrel in the fourth quarter of 2019 and \$62/barrel in 2020. It forecast WTI prices will average \$5.50/barrel less than Brent prices in 2020.

The US told the UN's IAEA Board that Iran's failure to resolve the IAEA's concerns is completely unacceptable and should be of deep concern. It said "we should be asking ourselves what else the Iranian regime is continuing to hide". The US said it is open to negotiation with Iran without preconditions when the time is right.

OPEC's Secretary General, Mohammad Barkindo said that so far there are no alternative plans for the OPEC and non-OPEC output cut agreement. He added that OPEC and its allies are committed to taking the necessary steps to ensure the stability and balance of the global oil market.

The UK's Buzzard oil field is in the process of increasing its production after restarting on Saturday following a week of planned maintenance.

Goldman Sachs lowered its forecast on 2019 oil demand growth, citing reduced demand from India, Japan, other non-OECD Asian regions, the Middle East and Latin America. It revised its forecast down to 1 million bpd from 1.1 million bpd but left its 2020 demand growth estimate broadly unchanged at 1.4 million bpd. However, it left its 2020 price forecast for Brent crude at \$60/barrel, noting the willingness of OPEC to sacrifice market share.

Euroilstock reported that European refineries in August increased their crude oil processing by 0.1% on the month but fell by 6.9% on the year to 10.352 million bpd. It reported that European crude oil and oil products stocks increased by 0.8% on the month and by 1.5% on the year to 1.093 billion barrels.

Early Market Call - as of 8:10 AM EDT

WTI - Oct \$57.85, up 45 cents
 RBOB - Oct \$1.6148, up 2.4 cents
 HO - Oct \$1.9448, up 1.3 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-19	1.9312	0.0035	0.0510
Nov-19	1.9323	0.0034	0.0511
Dec-19	1.9322	0.0028	0.0507
Jan-20	1.9305	0.0022	0.0499
Feb-20	1.9227	0.0022	0.0492
Mar-20	1.9088	0.0023	0.0476
Apr-20	1.8920	0.0031	0.0465
May-20	1.8811	0.0040	0.0462
Jun-20	1.8732	0.0049	0.0459
Jul-20	1.8727	0.0052	0.0450
Aug-20	1.8737	0.0053	0.0442
Sep-20	1.8755	0.0056	0.0435
Oct-20	1.8772	0.0060	0.0433
Nov-20	1.8790	0.0066	0.0431
Dec-20	1.8800	0.0075	0.0432
Jan-21	1.8818	0.0077	0.0428
Feb-21	1.8771	0.0073	0.0411

Sprague HeatCurve Oct 2019-Apr 2020			\$1.9229
Other Front Month NYMEX		Close	Change
Crude - WTI	Nov Brent-	\$57.2900	-\$0.4400
Crude - Brent	WTI Spread	\$62.3800	-\$0.2100
Natural Gas	\$5.09	\$2.5800	-\$0.0050
Gasoline		\$1.5908	\$0.0062

API Weekly Report for the Week Ending September 6, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 7.2 million barrels	Down 2.7 million barrels
Cushing, OK Crude Stocks	Down 1.4 million barrels	
Gasoline Stocks	Down 4.5 million barrels	Down 847,000 barrels
Distillate Stocks	Up 918,000 barrels	Up 72,000 barrels
Refinery Runs	Up 208,000 bpd	Down 0.75% at 94.05%

NYMEX Heating Oil Oct-Nov Spread

NYMEX RBOB Oct-Nov Spread

