

## Market Commentary

**Recap:** On Thursday, the oil market rallied higher but ended the session relatively unchanged as the market attempts to gauge when Saudi Arabia's oil operations will return to normal following the weekend attacks on the country's oil infrastructure. The market was well supported for much to the session amid reports that Saudi Arabia contacted foreign producers to help fill holes in its supply chain. The Wall Street Journal reported Saudi Arabia had asked Iraq's SOMO for as much as 20 million barrels of crude. However, the market gave up its earlier gains as Iraq's SOMO denied that Saudi Arabia had requested crude supplies for its refineries. Also, reports of storm disruptions to refining activity in Texas due to Tropical Storm Imelda suggests a decline in crude demand, prompting prices to fall from its highs. The crude market traded mostly sideways in overnight trading before it rallied to a high of \$59.54 in morning trading. However, the market erased its gains and traded to a low of \$58.01 ahead of the close. The October WTI contract settled up 2 cents at \$58.13, while the Brent contract settled up 80 cents at \$64.40. Meanwhile, the product markets ended higher, with the heating oil market settling up 3.16 cents at \$2.0049 and the RBOB market settling up 4.3 cents at \$1.7007.

**Technical Analysis:** The crude market will remain supported ahead of the weekend amid the uncertainty that remains in the market. The oil market is seen finding support at its low of \$58.01, followed by \$57.59, the 10-day moving average and \$55.68, where it would backfill its gap. Meanwhile, resistance is seen at its high of \$59.54 followed by \$59.85, \$60.53 and \$61.20.

**Fundamental News:** Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, September 17<sup>th</sup> fell by 47,278 barrels on the week and by 1,174,549 barrels from Friday, September 13<sup>th</sup> to 41,177,034 barrels.

Traders and analysts said Saudi Arabia's ability to avert a global oil supply crunch will only become clear in a few weeks, because for now its crude held in storage can fill the gap and mask the scale of damage to its facilities. Saudi Arabia said production will return to normal in two to three weeks, which means restoring output to about 10 million bpd. While it carries out repairs, Saudi Arabia has promised to keep the physical crude market supplied from its inventories held in the country and abroad, estimated to have been about 180 million barrels in July. However, traders and analysts are skeptical repairs to the Abqaiq and Khurais sites will be swift, while the lack of transparency about Saudi Arabia's inventories added to uncertainty about whether the country can keep markets supplied without disruption.

Russia's Energy Minister, Alexander Novak, said he spoke with his Saudi counterpart on Wednesday and that no decision had been made to change the global oil deal between OPEC and non-OPEC producers. He said he does not see reasons for oil shortages. He said the oil price correction means markets are calmer now and added that the situation has stabilized following the attacks on Saudi Arabia's oil facilities.

The Trump administration on Thursday is revoking California's authority to set its own fuel efficiency standards and to require some zero-emission vehicles. In a joint statement with the EPA, the Department of Transportation's National Highway Traffic Safety Administration said it is affirming that federal law preempts state and local regulation of vehicle fuel economy.

Iran warned US President Donald Trump against escalating conflict in the Middle East following the attack on Saudi Arabia's oil facilities.

**Early Market Call - as of 9:25 AM EDT**

WTI - Oct \$58.62, up 63 cents  
 RBOB - Oct \$1.6933, down 74 points  
 HO - Oct \$2.0065, up 12 points

## All NYMEX | Prior Settlements

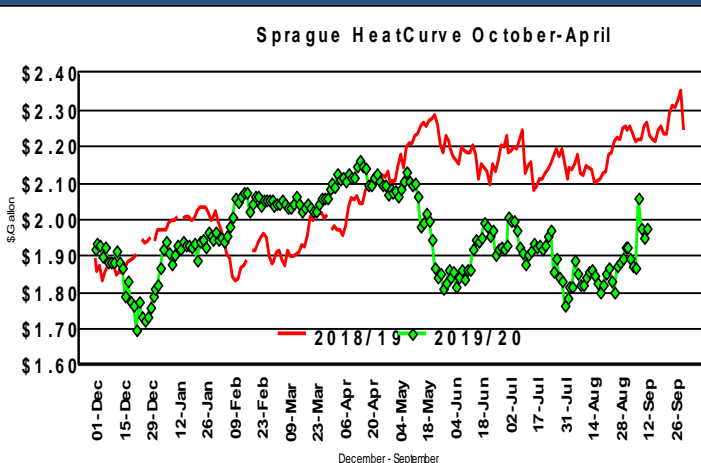
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-19	2.0049	0.0316	0.1198
Nov-19	1.9994	0.0288	0.1147
Dec-19	1.9913	0.0262	0.1084
Jan-20	1.9811	0.0233	0.1012
Feb-20	1.9661	0.0200	0.0952
Mar-20	1.9460	0.0175	0.0892
Apr-20	1.9236	0.0157	0.0831
May-20	1.9075	0.0139	0.0770
Jun-20	1.8936	0.0124	0.0702
Jul-20	1.8873	0.0111	0.0634
Aug-20	1.8831	0.0100	0.0575
Sep-20	1.8807	0.0091	0.0529
Oct-20	1.8797	0.0085	0.0498
Nov-20	1.8804	0.0079	0.0483
Dec-20	1.8811	0.0076	0.0475
Jan-21	1.8818	0.0071	0.0455
Feb-21	1.8749	0.0065	0.0430

Sprague HeatCurve Oct 2019-Apr 2020			\$1.9734
Other Front Month NYMEX		Close	Change
Crude - WTI	Nov Brent-	\$58.1900	\$0.1500
Crude - Brent	WTI Spread	\$64.4000	\$0.8000
Natural Gas	\$6.21	\$2.5380	-\$0.0990
Gasoline		\$1.7007	\$0.0430

## EIA Working Gas Storage Report

	13-Sep-19	06-Sep-19	Change	Year Ago
East	763	739	24	705
Midwest	898	864	34	765
Mountain	188	183	5	169
Pacific	279	275	4	254
South Central	974	958	16	816
Salt	200	199	1	184
Nonsalt	774	759	15	633
Total	3,103	3,019	84	2,710

## Sprague HeatCurve October-April



## ICE November Brent-WTI Spread

