

Market Commentary

Recap: Oil prices ended lower on Thursday, marking the third straight selloff, as a meeting of OPEC and its allies ended without deeper cuts in output, but with a pledge to “clean up compliance” in an effort to lower output by several hundred thousand barrels per day over the next two months. October WTI was down \$1.75, or 3.1% at \$54.00 a barrel by 10:25 a.m. EDT, while Brent for November delivery slipped \$2.48, or 4% to a low of \$58.91 a barrel. The harsh sell off was met by a technical rebound as day traders took profits. October WTI settled at \$55.09 a barrel, down 56 cents, or 1.18%, while November Brent fell 43 cents, or 0.71%, to settle at \$60.38 a barrel. October RBOB, -0.96% fell 1.7 cents, or 1.1%, to \$1.553 a gallon and October heating oil, lost 1.8 cents, or 1%, to \$1.8851 a gallon.

Technical Analysis: The pullback in WTI continued on Thursday, as the October contract pushed off of the downward trend line, validating its stance as an area of resistance. The push was followed by an accelerated move to the down side below the 50-day moving average set at \$55.40. At this point in time, WTI is still range bound, and as a result, we would look for prices to hold within the range of \$52.00 to \$59.00, barring any major shift in the underlying fundamentals. Support is set at \$54.00 and below that at \$52.00. To the upside resistance is set at \$55.40 and \$56.29.

Fundamental News: According to Bloomberg News, Trump administration officials have discussed offering a limited trade agreement to China that would delay and even roll back some US tariffs for the first time in exchange for Chinese commitments on intellectual property and agricultural purchases. However, CNBC reported that President Trump’s trade advisers are not considering an interim trade deal with China that could delay some US tariffs, contrary to the Bloomberg report that a limited deal was under consideration.

US Treasury Secretary, Steven Mnuchin, said the US is still pursuing a campaign of “maximum pressure” against Iran, even after President Donald Trump ousted his National Security Adviser, John Bolton.

The House of Representatives passed a bill to reverse a 2017 law that allowed oil and gas drilling in part of Alaska’s Arctic National Wildlife Refuge, which conservationists say is one of the last pristine regions on Earth. The bill is not expected to gain support in the Republican-led Senate. On Wednesday, the House passed two bills to ban new oil and gas drilling off Florida and the Atlantic and Pacific Coasts.

On Thursday, OPEC agreed to cut its oil output by asking over-producing members, Iraq and Nigeria, to bring their production in line with their targets as the group attempts to prevent an oversupply amid increasing US production and a slowing global economy. The Joint Ministerial Monitoring Committee met on Thursday in Abu Dhabi ahead of OPEC and non-OPEC policy discussions in December. Iraq pledged on Thursday to cut its output by 175,000 bpd by October, while Nigeria pledged to cut its output by 57,000 bpd.

Saudi Arabia’s Energy Minister, Prince Abdulaziz bin Salman, said the country would continue to overcomply voluntarily with the oil output cuts agreed by the OPEC and non-OPEC producer alliance.

In its monthly report, the IEA stated that global oil demand is weathering economic headwinds, supported by lower prices brought on by abundant supply as the US briefly surpassed Saudi Arabia as the world’s top exporter. It maintained its estimate for growth in global oil demand during 2019 at 1.1 million bpd and 1.3 million bpd for next year, assuming no further breakdown in US-China trade talks and citing an easing of tensions around Iran. Non-OPEC production growth is seen increasing to 2.3 million bpd in 2020, up 400,000 bpd from this year. Meanwhile, demand for OPEC crude is set to reach 28.3 million bpd in the first half of 2020, 1.4 million bpd less than the group produced in August.

Early Market Call - as of 8:30 AM EDT

WTI - Oct \$55.29, up 20 cents
 RBOB - Oct \$1.5554, up 22 points
 HO - Oct \$1.8822, down 27 points

All NYMEX | Prior Settlements

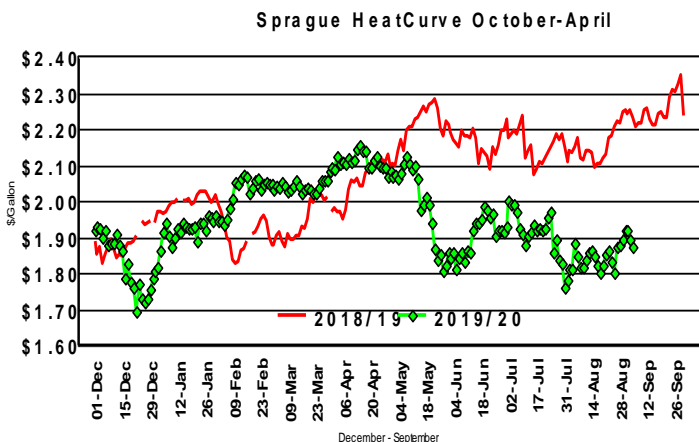
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-19	1.8851	-0.0181	-0.0034
Nov-19	1.8847	-0.0187	-0.0045
Dec-19	1.8829	-0.0192	-0.0069
Jan-20	1.8799	-0.0200	-0.0088
Feb-20	1.8709	-0.0209	-0.0102
Mar-20	1.8568	-0.0213	-0.0112
Apr-20	1.8405	-0.0213	-0.0115
May-20	1.8305	-0.0208	-0.0111
Jun-20	1.8234	-0.0204	-0.0106
Jul-20	1.8239	-0.0199	-0.0103
Aug-20	1.8256	-0.0194	-0.0102
Sep-20	1.8278	-0.0189	-0.0102
Oct-20	1.8299	-0.0182	-0.0098
Nov-20	1.8321	-0.0173	-0.0094
Dec-20	1.8336	-0.0165	-0.0087
Jan-21	1.8363	-0.0157	-0.0084
Feb-21	1.8319	-0.0153	-0.0099

Sprague HeatCurve Oct 2019-Apr 2020		\$1.8726	
Other Front Month NYMEX		Close	Change
Crude - WTI	Nov Brent-	\$55.0500	-\$0.6200
Crude - Brent	WTI Spread	\$60.3800	-\$0.4300
Natural Gas	\$5.33	\$2.5740	\$0.0220
Gasoline		\$1.5530	-\$0.0169

EIA Working Gas Storage Report

	06-Sep-19	30-Aug-19	Change	Year Ago
East	739	714	25	676
Midwest	864	827	37	729
Mountain	183	177	6	165
Pacific	275	276	-1	249
South Central	958	947	11	805
Salt	199	197	2	182
Nonsalt	759	749	10	623
Total	3,019	2,941	78	2,626

Sprague HeatCurve October-April



ICE November Brent-WTI Spread

