

## Market Commentary

**Recap:** After falling as much as 2.6%, oil prices reversed to the upside on Friday after the Baker Hughes report indicated the number of active rigs in the U.S. declined for the third straight week and after U.S. job growth slowed more than expected, falling for the seventh month in a row. Adding to the late session recovery was word from the U.S. Federal Reserve, hinting that it could “act as appropriate” to sustain an economic expansion October WTI, which traded \$1.47 lower on the day, hitting a session bottom of \$54.83 a barrel, broke to the upside, stopping at a session high \$56.95, just below key resistance set at \$57.00. Despite trading on both sides of unchanged, both Brent and WTI held onto weekly gains. October WTI added 22 cents, or 0.39%, to finish the week at \$56.52 a barrel. WTI saw a weekly gain of 2.6%. Brent for November delivery settled at \$61.54 a barrel, up 59 cents, or 0.97%, for a weekly gain of 3.9%. Meanwhile, product prices moved up along with oil. October RBOB rose 2.8 cents, or 1.8%, to \$1.5742 a gallon, for a weekly gain of 2.9%. October heating oil added 1.2 cents, or 0.6%, to \$1.9003 a gallon, for a weekly rise of more than 3%.

**Technical Analysis:** Oil prices went back and forth during the week, lacking the ability to take off in either direction. At the onset of trading this coming week, we expect WTI to test the major downward trend line that dates back to April, with a break above \$57.76, the five-week high, opening up the opportunity for a run at \$58.99, the 50% retracement set by the April high of \$67.31 and the August low of \$50.66. Above this level, additional resistance is set at \$60.00. To the downside, support is set at \$55.40, the current 10-day moving average and below that at \$53.00.

**Fundamental News:** Baker Hughes reported that US energy firms this week cut the number of oil rigs operating for a third consecutive week. Drillers cut four oil rigs in the week ending September 6<sup>th</sup>, bringing the total count down to 738, the lowest since November 2017.

Oil producers and their suppliers are cutting their budgets, staff and production goals amid a growing consensus of forecasts that oil and gas prices will remain slow for several years. The Chief Executive of Continental Resources, Harold Hamm, said the US has 904 working rigs, down 14% on the year. Bankruptcy filings by US energy producers through mid-August this year have nearly matched the total for the whole of 2018. Investment bank Cowen & Co estimated last month that oil and gas producers spent 56% of their 2019 budgets through June, based on its review of 48 US companies. It expects total spending this year to fall 11% over last year, based on proposed budgets. The slowdown in drilling is causing cost-cutting in oilfield services, including staff cuts and restructurings at firms, Schlumberger and Halliburton Co.

According to the Alaska Department of Revenue, Alaska North Slope production averaged 487,357 bpd from January through August, down from 501,587 bpd last year. Production from the Prudhoe Bay field fell to 189,515 bpd in August from 256,388 bpd in July.

IIR Energy reported that US oil refiners are expected to shut in 422,000 bpd of capacity in the week ending September 6<sup>th</sup>, cutting available refining capacity by 315,000 bpd from the previous week.

US Defense Secretary, Mark Esper, said it appeared Iran was inching towards a place where talks could be held. On Wednesday, US President, Donald Trump, left the door open to a possible meeting with Iranian President, Hassan Rouhani, at the upcoming UN General Assembly in New York.

Meanwhile, on Friday, Iran said it had taken a step to further downgrade its commitments to the 2015 nuclear deal.

**Early Market Call - as of 8:50 AM EDT**

WTI - Oct \$56.97, up 45 cents

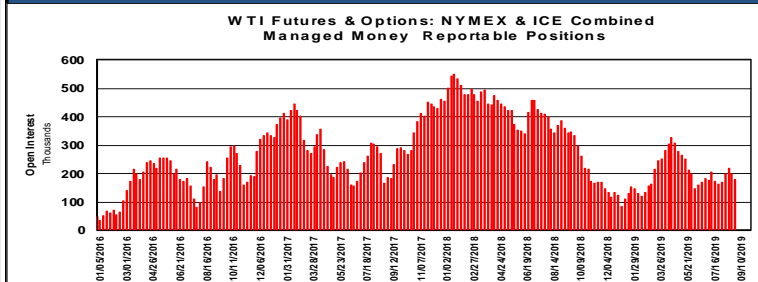
RBOB - Oct \$1.5724, down 18 points

HO - Oct \$1.9158, up 1.54 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-19	1.9003	0.0118	0.0630
Nov-19	1.9013	0.0121	0.0617
Dec-19	1.9019	0.0121	0.0616
Jan-20	1.9009	0.0122	0.0611
Feb-20	1.8935	0.0124	0.0610
Mar-20	1.8800	0.0120	0.0607
Apr-20	1.8631	0.0111	0.0597
May-20	1.8525	0.0109	0.0590
Jun-20	1.8447	0.0107	0.0577
Jul-20	1.8448	0.0106	0.0569
Aug-20	1.8464	0.0106	0.0564
Sep-20	1.8489	0.0109	0.0564
Oct-20	1.8511	0.0114	0.0566
Nov-20	1.8533	0.0118	0.0567
Dec-20	1.8544	0.0121	0.0569
Jan-21	1.8567	0.0120	0.0570
Feb-21	1.8533	0.0115	0.0568

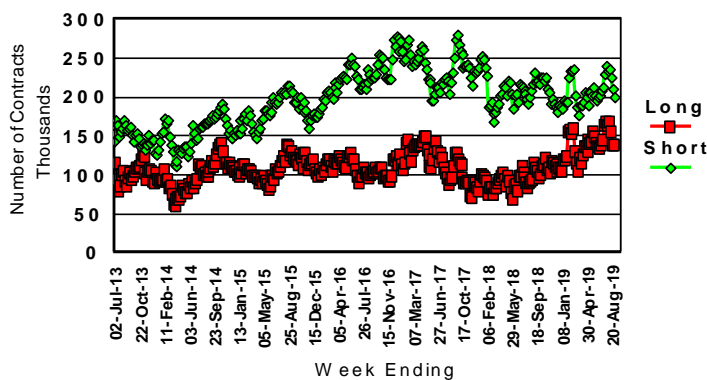
Sprague HeatCurve Oct 2019-Apr 2020		\$1.8931
Other Front Month NYMEX		Close
		Change
Crude - WTI	Nov Brent- WTI Spread	\$56.4300
Crude - Brent		\$61.5400
Natural Gas	\$5.11	\$2.4960
Gasoline		\$1.5742
		\$0.2822



## Commitment of Traders Report for the Week Ending September 3, 2019

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

