

Market Commentary

All NYMEX | Prior Settlements

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 quarter of 2019 and fall to \$57/barrel by the second quarter 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's 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

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-19	\$1.9101	\$0.0068	\$0.0116
Dec-19	\$1.8909	\$0.0051	\$0.0024
Jan-20	\$1.8728	\$0.0039	-\$0.0037
Feb-20	\$1.8555	\$0.0034	-\$0.0064
Mar-20	\$1.8360	\$0.0033	-\$0.0072
Apr-20	\$1.8142	\$0.0030	-\$0.0081
May-20	\$1.8001	\$0.0031	-\$0.0098
Jun-20	\$1.7917	\$0.0030	-\$0.0099
Jul-20	\$1.7907	\$0.0030	-\$0.0098
Aug-20	\$1.7915	\$0.0034	-\$0.0096
Sep-20	\$1.7938	\$0.0035	-\$0.0092
Oct-20	\$1.7967	\$0.0039	-\$0.0081
Nov-20	\$1.7998	\$0.0045	-\$0.0066
Dec-20	\$1.8015	\$0.0054	-\$0.0051
Jan-21	\$1.8035	\$0.0059	-\$0.0047
Feb-21	\$1.8005	\$0.0062	-\$0.0047
Mar-21	\$1.7926	\$0.0064	-\$0.0051

Other Front Month NYMEX		Close	Change
Crude - WTI	Dec Brent-	\$52.6200	-\$0.0900
Crude - Brent	WTI Spread	\$58.2400	-\$0.1100
Natural Gas	\$5.62	\$2.2880	-\$0.0150
Gasoline		\$1.5809	\$0.0115

API Report for the Week Ending October 4, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 4.1 million barrels	Up 1.4/2.4 million barrels
Cushing, OK Crude Stocks	Up 1.2 million barrels	Down 500,000 barrels
Gasoline Stocks	Down 5.9 million barrels	Down 1.2 million barrels
Distillate Stocks	Down 4.0 million barrels	Down 2.5 million barrels
Refinery Runs	Down 71,000 bpd	Up 0.7%, at 87.1%

NYMEX Heating Oil Nov-Dec Spread

NYMEX RBOB Nov-Dec Spread

