

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices fell as much as 7% on Tuesday, following a report that output at Saudi Arabia's major crude facility, which was hit by a drone attack over the weekend, could resume within weeks, much quicker than originally expected. WTI for October delivery slipped to a low of \$58.50 a barrel, down \$3.40, or 6.6% by 10:52 am EDT, while November Brent fell \$5.23, or 7.5%, hitting a session low of \$63.79 a barrel. Losses were pared in late afternoon trading, with October WTI settling at \$59.34 a barrel, down \$3.56, or 5.66%. Worth noting, is despite Monday's aggressive move to the upside, total open interest in WTI increased by a modest 11,042 contracts, a possible indication that traders were not overly confident prices would be able to sustain strength above \$60.00. November Brent falling \$4.47, or 6.48%, to settle at \$64.55 a barrel. October RBOB fell 4.4% to \$1.6751 a gallon and October heating oil shed 4.5% to \$1.9896 a gallon.

Technical Analysis: WTI experienced a major pullback, with the October contract wiping out a small portion of the gap created by Monday's massive move higher. With reports of the Saudi infrastructure coming back on line over the next couple of weeks, we could see a retreat back to \$55.68, the bottom of the aforementioned gap. This would put us right back into the sideways pattern that has been in place since July. The flipside of this is that WTI will hold above the descending trend line, currently set at \$59.04 and continue to work above \$60.00. Below the trend line, additional support is set at \$56.28 and below that at \$55.68. to the upside, resistance is set at \$62.90 and above that at \$64.30.

Fundamental News: US President Trump said he did not think it would be necessary to release oil from the Strategic Petroleum Reserve after attacks on Saudi oil facilities, adding that oil prices have not spiked very much.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said the country's oil production capabilities were fully restored and expects to resume pre-attack levels by the end of September. He said Saudi Arabia would achieve 11 million bpd capacity by the end of September and 12 million bpd by the end of November. He said oil production in October would be 9.89 million bpd and added that the country would keep full oil supplies to customers this month. He stated that they do not know yet why and who was behind the attacks. Separately, Saudi Aramco's CEO said the Abqaiq facility is built with a lot of contingency to handle risks. It is in the process of bringing back oil refining to full capacity and added that it has enough oil products to supply the local market. Saudi Aramco's CEO said its oil in storage is more than 60 million barrels. The Abqaiq processing plants have restored 2 million bpd of capacity and will resume normal capacity by the end of September.

Saudi King Salman said that Riyadh was capable of dealing with the consequences of attacks on its installations. A statement issued after a meeting of Saudi Arabia's council of ministers said the cabinet had reviewed the damage caused by the attacks on Aramco installations, and it called on world governments to confront them "regardless of their origin."

A US official said the US believes the attacks on Saudi Arabia's oil facilities originated in southwestern Iran. Three officials said the attacks involved both cruise missiles and drones.

According to the AAA, US gasoline prices increased on Tuesday after crude futures rallied nearly 15% following the weekend attacks on Saudi Arabian oil facilities. The average national gasoline price increased 3 cents on the day to \$2.59/gallon on Tuesday. In California, the average price of gasoline rose 2 cents to \$3.65/gallon on Tuesday from \$3.63/gallon on Monday.

Early Market Call - as of 9:00 AM EDT

WTI - Oct \$58.14, down \$1.20

RBOB - Oct \$1.6459, down 2.86 cents

HO - Oct \$1.9716, down 1.86 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-19	1.9896	-0.0942	0.0584
Nov-19	1.9889	-0.0907	0.0566
Dec-19	1.9846	-0.0894	0.0524
Jan-20	1.9786	-0.0878	0.0481
Feb-20	1.9688	-0.0842	0.0461
Mar-20	1.9531	-0.0800	0.0443
Apr-20	1.9328	-0.0754	0.0408
May-20	1.9177	-0.0704	0.0366
Jun-20	1.9042	-0.0660	0.0310
Jul-20	1.8985	-0.0623	0.0258
Aug-20	1.8949	-0.0591	0.0212
Sep-20	1.8928	-0.0559	0.0173
Oct-20	1.8916	-0.0537	0.0144
Nov-20	1.8924	-0.0512	0.0134
Dec-20	1.8927	-0.0493	0.0127
Jan-21	1.8932	-0.0480	0.0114
Feb-21	1.8862	-0.0460	0.0091

Sprague HeatCurve Oct 2019-Apr 2020		\$1.9718
Other Front Month NYMEX	Close	Change
Crude - WTI	\$59.1000	-\$3.5700
Crude - Brent	\$64.5500	-\$4.4700
Natural Gas	\$2.6680	-\$0.0130
Gasoline	\$1.6751	-\$0.0773

API Weekly Report for the Week Ending September 13, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 592,000 barrels	Down 2 million barrels
Cushing, OK Crude Stocks	Down 846,000 barrels	
Gasoline Stocks	Up 1.6 million barrels	Down 800,000 barrels
Distillate Stocks	Up 2 million barrels	Up 300,000 barrels
Refinery Runs	Down 487,000 bpd	Down 1% at 94.2%

NYMEX Heating Oil Oct-Nov Spread

NYMEX RBOB Oct-Nov Spread

