

# PETROMATRIX

## DAILY MARKET REPORT

18-OCT-17

		Latest c.o.b.	Daily Change	Daily Change %
WTI (\$/bbl)	Nov	51.88	0.01	0.02%
Brent (\$/bbl)	Dec	57.88	0.06	0.10%
RBOB (\$/gal)	Nov	1.6301	0.0132	0.82%
NY ULSD (\$/gal)	Nov	1.8098	-0.0031	-0.17%
Natgas US (\$/mmbtu)	Nov	2.9620	0.0160	0.54%
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Heat Crack vs WTI (\$/bbl)	Nov	24.13	-0.14	
RBOB Crack vs WTI (\$/bbl)	Nov	16.58	0.54	
321 Crack vs WTI (\$/bbl)	Nov	19.10	0.32	
Heat Crack vs Brent (\$/bbl)	Dec	18.10	-0.18	
RBOB Crack vs Brent (\$/bbl)	Dec	9.84	0.49	
321 Crack vs Brent (\$/bbl)	Dec	12.59	0.26	
Brent vs WTI (\$/bbl)	Dec	5.77	0.09	
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WTI Timespread (\$/bbl)	Nov/Dec	-0.23	0.04	
Brent Timespread (\$/bbl)	Dec/Jan	0.34	0.08	
RB Timespread (cts/gal)	Nov/Dec	1.78	0.03	
NY ULSD Timespread (cts/gal)	Nov/Dec	0.08	-0.03	
ICE Gasoil Timespread (\$/MT)	Nov/Dec	6.75	-0.75	
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Gold		1,286.20	-16.80	-1.29%
GSCI		2,345.04	-8.16	-0.35%
S&P 500		2,559.36	1.72	0.07%
Amex Oil Index		1,221.80	-0.03	0.00%
Dollar Index		93.49	0.17	0.19%
VIX		10.31	0.40	4.04%



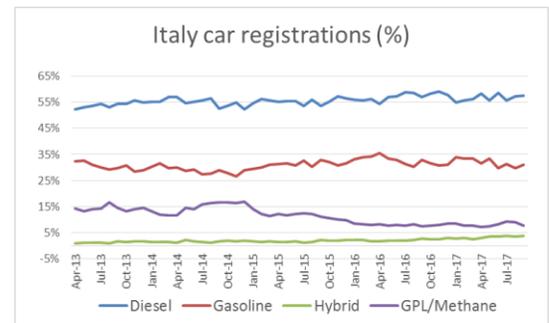
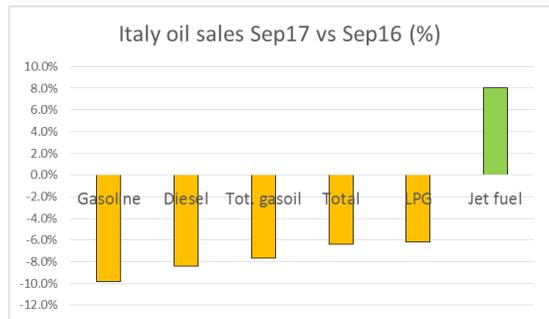
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## ITALY- SEPTEMBER

Demand for oil products in Italy during September was very poor. Demand growth for diesel and gasoline was already poor and showing year/year contraction in July and August, but the pace accelerated in September with gasoline demand down a very sharp -9.8% versus a year ago and diesel showing also a strong contraction of -8.4%. For total products, September demand was down -6.4% versus last year. Only jet demand was in positive territory (+8.0%).

Contrarily to other European countries, Italy is still not showing any change in the fuel mix of new car sales with diesel cars having in September a market share of 57.5% of new car sold and gasoline at 31.1%. Hybrids are steady at 3.7%.

Driving fuels sales were very poor in Italy during September but Italy was the only large European market with good news for car sales in September. Car sales in Europe during September were down -2.0% versus a year ago, with Germany down -3.3% and the UK down a large -9.3%. Car sales in France were up +1.1%, Spain was +4.6% and Italy had a strong +8.1%.

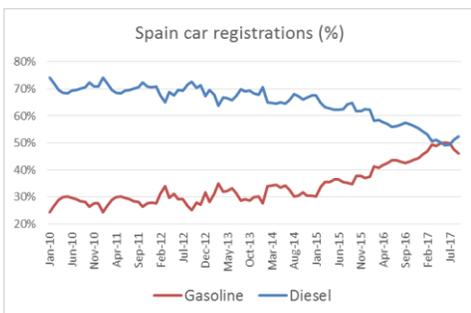
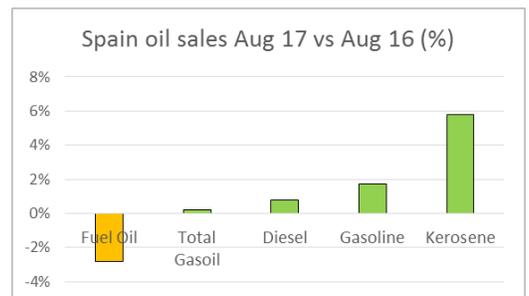


## SPAIN- AUGUST

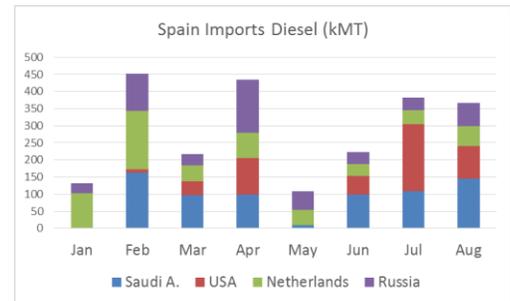
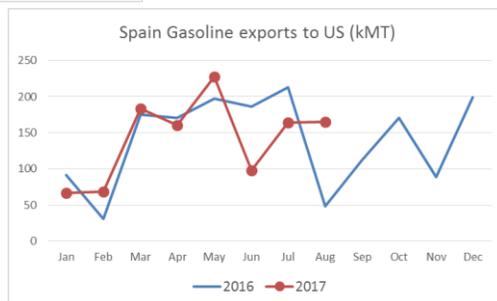
Oil product demand in Spain during August was almost flat versus a year ago (+0.2%). Diesel demand was just +0.8% higher and gasoline +1.7%. Jet had an increase of +5.8% but fuel oil was lower by -2.8%

Sales of diesel cars have made a timid comeback during the third quarter. During the second quarter there was about the same number of gasoline and diesel new cars registered, but in September diesel rose slightly to 52.5% while gasoline fell back to 46.0% (after a recent high at 50.1% in June).

824 electric cars were sold in September, representing 0.9% of new car sold. Still a very small portion of the market but an increase from the 0.5% seen during the second quarter.



Imports of diesel were steady versus July, with an increase from Saudi Arabia and a decrease from the US. Gasoline exports to the US were unchanged versus July, at 165 kMT.



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## API WEEKLY

The API shows a -7.0 myn bbls crude oil stock draw but this is a disappointing stock draw given that during that week there was -6.9 myn bbls crude oil production lost due to Nate. The API is indicating that some of the lost production has been somewhat offset by a large drop in refinery runs but then that did not stop a stock build in products. Cushing stocks had only a small drop of -0.2 myn bbls. Finally we must pay attention to the API/DOE convergence risk which is showing a risk for only a -0.8 myn bbls crude oil stock draw for the DOE report :last week the API had indicated an increase of +3.1 myn bbls and the DOE a stock-draw of -2.7 myn bbls, hence the risk that this week's API reported draw of -7.0 myn bbls is a part correction of last week's divergence between the two reports.

Year ago DOE same week stock-change (myn bbls)			
	Crude	Gasoline	Distillate
2016	(5,247)	2,469	(1,240)
2015	3,040	(1,518)	(2,622)
2014	2,061	(1,299)	1,049
API 2017	(7,100)	1,900	1,600
API/DOE Crude Convergence Risk:			(816)

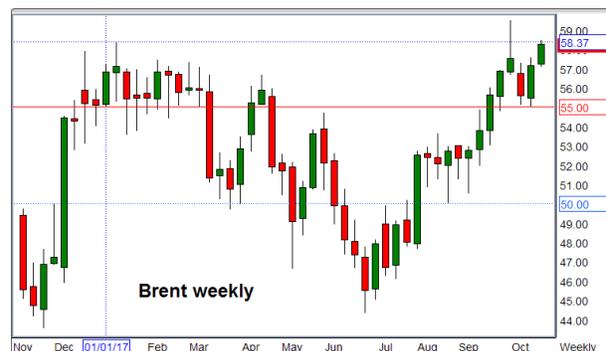
## OIL PRICE OUTLOOK

18-Oct-17



For the print of Monday the gains of the day were made in the first 30 minutes of trade on the Sunday open and yesterday crude oil could not break the highs of Monday. Both Brent and WTI printed yesterday some undecided Doji candlesticks. Crude oil had an early bounce in the European hours but found continued resistance at 52.20 \$/bbl WTI & 58.20 \$/bbl Brent. Prices drifted lower at the US open, then tried another bounce higher but again to be stopped exactly at 52.20 \$/bbl WTI. Failing again to break that level prices quickly retraced 1\$/bbl lower before finding some support that kept Brent within the range of the previous day.

We had trace the first resistance for Brent at the high of January (58.37 \$/bbl) and Brent was stopped there yesterday (high of 58.35 \$/bbl). For Brent, that high of January remains an important line for the weekly charts.

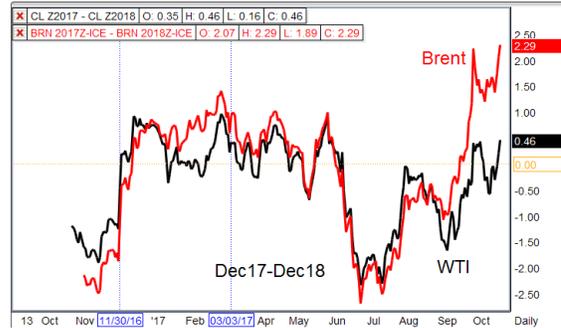


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The 50-day moving average in WTI is getting close to a positive cross-over of the 200-day moving average and the 5 to 10-day moving average momentum is improving. Crude oil is at a junction where it either makes a double-top or finds the energy to trend above 60.00 \$/bbl Brent. Above that level we expect Russian oil companies to have less energy in respecting the cuts and US oil producers more energy to respect the hedging programs.

The Dec17-Dec18 timespreads in Brent and WTI are improving in tandem as the Brent-WTI spread does not correct.



In Brent we keep the first resistance at 58.37 \$/bbl (high of January, an important level on a daily close and weekly close basis) followed by 59.00 \$/bbl and the double-test of 59.49 \$/bbl before the news creator of 60.00 \$/bbl. Those lines of resistance are unchanged from yesterday. First support at 58.00 \$/bbl followed by 57.20 \$/bbl.

In WTI we trace a first resistance at 52.20 \$/bbl followed by 52.86 \$/bbl (high of September) and 53.00 \$/bbl. First support at 51.60 \$/bbl followed by 51.20 \$/bbl.

Main news headlines yesterday/overnight:

- UAE's ADNOC considering IPO of minority stakes in some of its service companies.
- Saudi oil minister says Saudi Aramco IPO is on track.
- Iran would support roll of cut agreements to end-2018.
- Nigeria: repairs finished on the Bonny Light Nembe export pipeline.
- ISIS "capital" of Raqqa, Syria, falls.
- Baghdad regains more territory without fighting with Kurdish troops.
- Goldman Sachs 3Q net revenues in Fixed Income Currency and Commodities down -26% versus a year ago due significantly lower revenues in commodities. Value-At-Risk in commodities drops to 9 myn usd in the 3Q. Down 47% from the 2Q and lowest since 2001. And that is all commodities not just oil
- S&P500 prints a new record high.