

# PETROMATRIX

## DAILY MARKET REPORT

17-OCT-17

		Latest c.o.b.	Daily Change	Daily Change %
WTI (\$/bbl)	Nov	51.87	0.42	0.82%
Brent (\$/bbl)	Dec	57.82	0.65	1.14%
RBOB (\$/gal)	Nov	1.6169	-0.0053	-0.33%
NY ULSD (\$/gal)	Nov	1.8129	0.0159	0.88%
Natgas US (\$/mmbtu)	Nov	2.9460	-0.0540	-1.80%
Heat Crack vs WTI (\$/bbl)	Nov	24.27	0.17	
RBOB Crack vs WTI (\$/bbl)	Nov	16.04	-0.67	
321 Crack vs WTI (\$/bbl)	Nov	18.78	-0.39	
Heat Crack vs Brent (\$/bbl)	Dec	18.28	0.01	
RBOB Crack vs Brent (\$/bbl)	Dec	9.35	-0.71	
321 Crack vs Brent (\$/bbl)	Dec	12.33	-0.46	
Brent vs WTI (\$/bbl)	Dec	5.68	0.24	
WTI Timespread (\$/bbl)	Nov/Dec	-0.27	0.01	
Brent Timespread (\$/bbl)	Dec/Jan	0.26	0.04	
RB Timespread (cts/gal)	Nov/Dec	1.75	-0.39	
NY ULSD Timespread (cts/gal)	Nov/Dec	0.11	0.02	
ICE Gasoil Timespread (\$/MT)	Nov/Dec	7.50	0.75	
Gold		1,303.00	-1.60	-0.12%
GSCI		2,353.20	11.01	0.47%
S&P 500		2,557.64	4.47	0.18%
Amex Oil Index		1,221.83	1.93	0.16%
Dollar Index		93.31	0.22	0.24%
VIX		9.91	0.30	3.12%



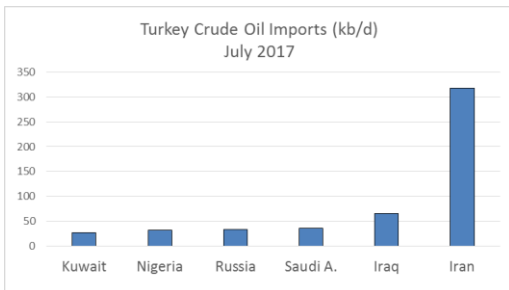
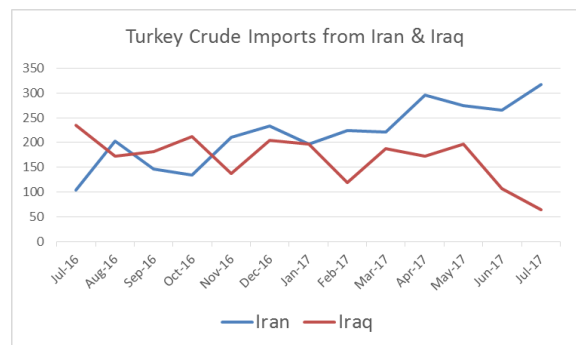
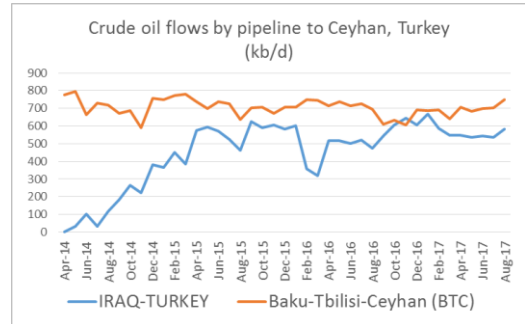
The contents of this document is for informational purposes only and is not an offer to sell or a solicitation to buy any futures contract, option, security, or derivative including foreign exchange. Trading entails significant risks and may not be appropriate for all investors  
 © 2006 Petromatrix GmbH. Copying, even partially, this document or its contents, is not allowed and against international copyright law. Forwarding is not allowed. Contact: [info@petromatrix.com](mailto:info@petromatrix.com)

## TURKEY- JULY

Total crude oils flows (Kurdistan + Baku Pipeline) to the Turkish port of Ceyhan were +91 kb/d higher in August than in July and +158 kb/d higher than a year ago.

Crude oil pipeline flows from Kurdistan to the Turkish port of Ceyhan in August at 581 kb/d were +44 kb/d higher than in July and +105 kb/d higher than a year ago. Yesterday we chose to discount the headline frenzy about Iraq troops entering Kirkuk (see the conclusion of our Weekly report) and by the end of the day Baghdad had retaken the positions it had in June 2014 and there was no serious supply disruptions to report.

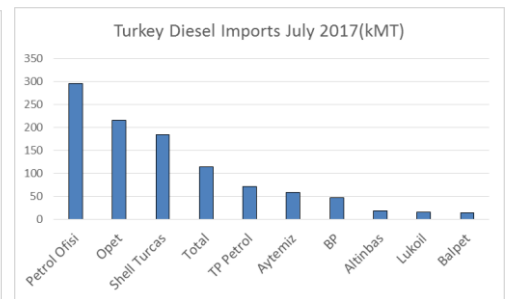
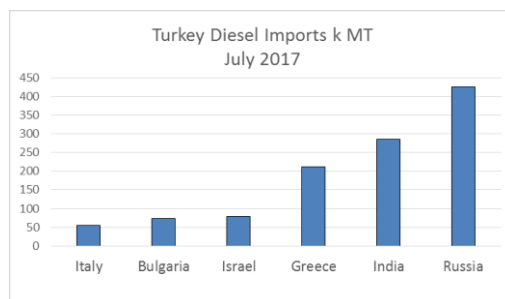
In January, Turkey was importing as much crude oil from Iran as from Iraq but by July the import mix has clearly shifted in the favor of Iran and in a big way as imports from that country surged to 317 kb/d (official statistics). On the geopolitical side there a certain cooperation between Turkey and Iran over Kurdistan, and on the oil supply side



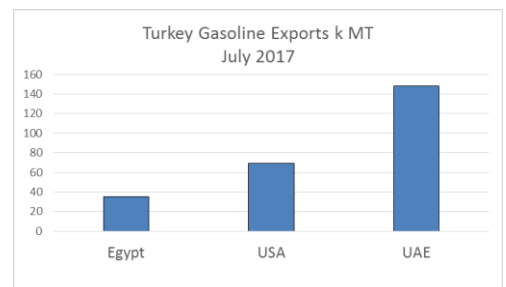
Turkey has made itself almost independent of Iraqi crude oil by maximizing imports from Iran and reducing crude oil imports from Iraq to a trickle.

It is interesting to note that in July, Turkey imported one tanker of crude oil from Nigeria, which is an unusual trade flow.

Turkey's diesel imports from Russia were at a strong level (426 kMT) in July. Petrol Ofisi imported a total of 295 kMT of diesel in July, OPET did 216 kMT, Shell 185 kMT and Total 115 kMT.

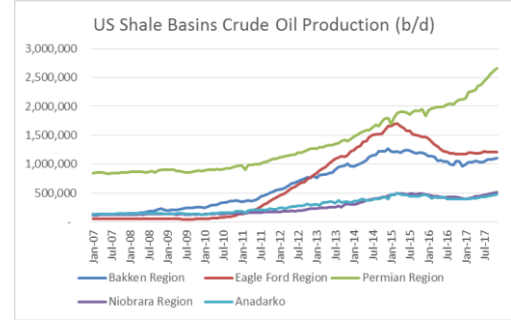
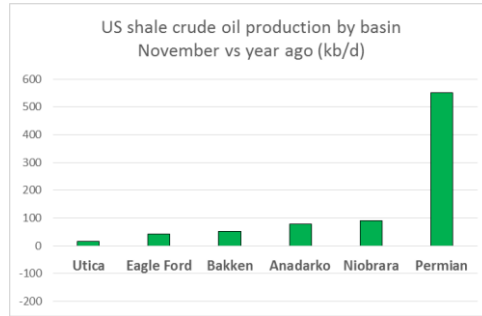


Gasoline exports were mostly to the UAE (148 kMT) but were also relatively strong to the US (70 kMT).



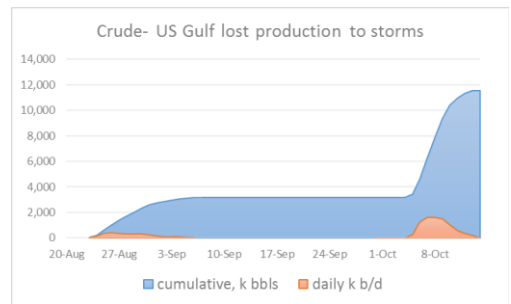
## US- SHALE OIL OUTLOOK-DOE

The DOE published its monthly outlook for US shale production and forecasts an increase of +81 kb/d in November versus October, coming mostly from the Permian basin which would have an increase of +50 kb/d versus October.



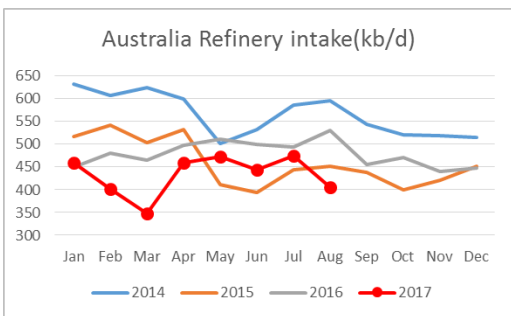
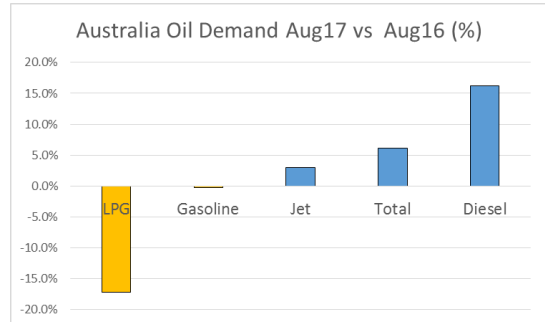
Compared to a year ago, production in the Permian is higher by +551 kb/d, the Niobrara gained +90 kb/d, Anadarko +77 kb/d, Bakken +51 kb/d and Eagle Ford +43 kb/d.

Separately, hurricane Nate has caused a total of 8.3 myn bbls crude oil production shut-ins and the total lost to storms this year adds up to 11.5 myn bbls. The lost output in the period covered by this week's DOE report amounts to 983 kb/d, which should translate into a tight statistics for crude oil; this is however anticipated.

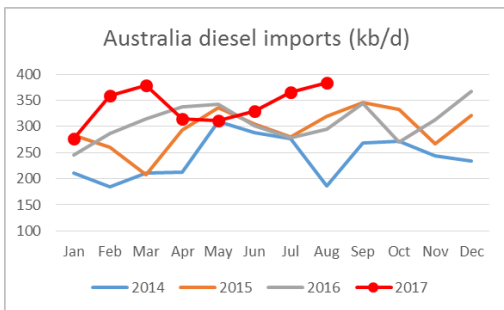


## AUSTRALIA-AUGUST

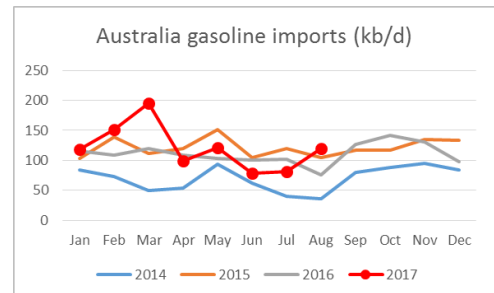
Australia continues to see strong oil demand growth (+6.2% y/y), led by very strong growth for diesel (+16.2% y/y), confirming the strong growth already seen in June and July. Sales of LPG are however down by -17.2% versus a year ago and gasoline was about flat (-0.3% y/y).



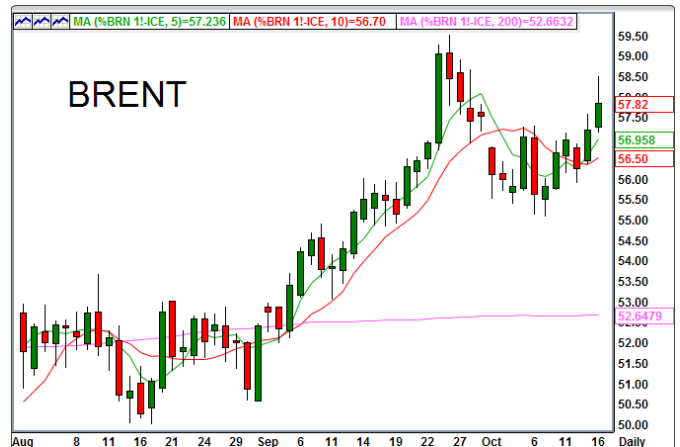
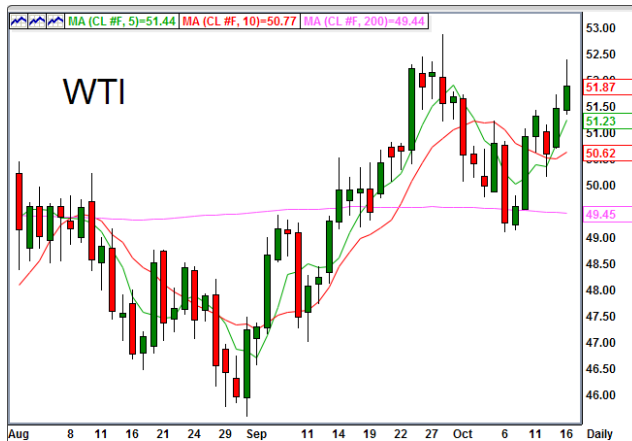
Refinery runs dropped versus July and were -126 kb/d lower than a year ago. With low refinery runs and high product demand growth, Australia had to increase imports of refined products.



Gasoline imports in August were +44 kb/d higher than a year ago and imports of diesel were +89 kb/d higher than last year, repeating the y/y increase already seen in the July imports. Most of the gasoline imports came from Singapore and South Korea . Imports of diesel



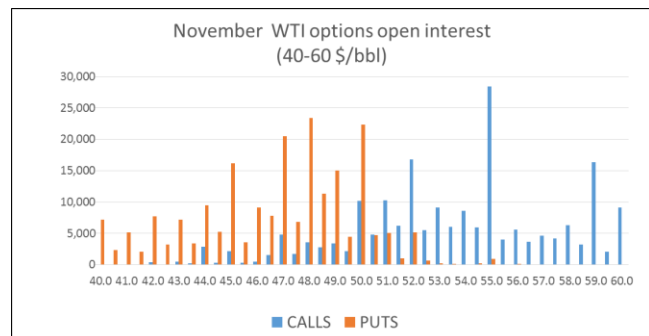
came mostly from Japan, Singapore, South Korea and India.



On Sunday, in the low volume environment of overnight weekend markets, crude oil jumped +0.60 \$/bbl in the first 30 minutes. After that it did not move during the Asian hours. It did have a first bounce in the European hours that was met with some resistance and then managed to continue rallying into the early US hours as some news organizations were a bit quick to publish headlines that the production around Kirkuk was shutting down. Crude oil futures reached their peak of the day just before the open of the US session. The US session was basically spent selling until some support materialized at the highs of Friday.

In the end, crude oil closed right where it was after the Sunday opening gap. All the gains of the day were made in the first 30 minutes of Sunday's session: the "geopolitical premium" of yesterday was bought when traders were asleep and sold when they were awake. In our opinion this is important to keep in mind as we approach the weekly US statistics. They should be positive for crude but that is expected on the back of the production interruptions due to Nate: while the initial price reaction to the API/DOE reports could be positive we have to watch for selling the fact in a second stage.

Volume in WTI was not particularly large yesterday (1.1 myn), another sign that there was true panic about the developments in Kirkuk. The USO (WTI ETF) had outflows and there was more buying of WTI puts than of calls. Today is the expiry of WTI November options, the layers of Open Interest on puts on that contract are below 50.00 \$/bbl and that should be out of reach. The large layer of call Open Interest at 55.00 \$/bbl is also too far to be a trading risk.



If crude oil did not manage during the day to add to the bounce produced on Sunday, it also did not manage to erase it and that maintains it in a positive momentum for a test of the September's highs.

In WTI we trace a first resistance at 52.37 \$/bbl, the high of yesterday, followed by 52.86 \$/bbl (high of September) and 53.00 \$/bbl. First support at 51.60 \$/bbl followed by 51.00 \$/bbl.

In Brent we trace a first resistance at 58.37 \$/bbl (high of January, ydy's high was at 58.47 \$/bbl) followed by 59.00 \$/bbl and the double-top test at 59.49 \$/bbl before 60.00 \$/bbl. First support at 57.57 \$/bbl followed by 57.00 \$/bbl.

*The contents of this document is for informational purposes only and is not an offer to sell or a solicitation to buy any futures contract, option, security, or derivative including foreign exchange. Trading entails significant risks and may not be appropriate for all investors*  
 © 2006 Petromatrix GmbH. Copying, even partially, this document or its contents, is not allowed and against international copyright law. Forwarding is not allowed. Contact: [info@petromatrix.com](mailto:info@petromatrix.com)

# PETROMATRIX

Main news headlines yesterday/overnight:

- Iraq forces entered Kirkuk, followed throughout the day by a series of contradicting headlines about interruption of production. In the end: no significant disruptions.
- Monroe Trainer refinery still running only 50% as platformer not yet repaired.
- China central bank sees +7.0 % GDP growth for the second half
- Mexico has completed its 2018 oil hedging program
- EIA expects US shale oil output to increase +81 kb/d in November