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CHS AM Energy Update

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Today's Market News

- IEA Demand Forecast:** The International Energy Agency (IEA) announced on Tuesday they are lowering their 2020 oil demand forecast by 200,000 barrels per day (bpd) to 91.7 million bpd. "The economic slowdown will take months to reverse completely.. in addition, there is potential that a second wave of virus (already visible in Europe) could cut mobility once again" said the IEA. This tone has been echoed by many other major oil industry experts amid hopes around a vaccine will boost recovery efforts across the globe.
- North Dakota Oil:** US oil production has been hit hard due to the coronavirus pandemic as demand has plummeted since mid March. It appears some production has come back as North Dakota oil production jumped to more than 1 million barrels per day in July which is the first time in two months. Output rose by about 20% to just over 32 million barrels total for the month from almost 29 million barrels in June according to North Dakota Department of Mineral Resource director Lynn Helms.
- API Inventory Report:** The American Petroleum Institute released their weekly inventory report which showed US crude inventories fell sharply last week compared to an expected small build according to Reuters analysts. Distillate inventories also reportedly fell last week with gasoline inventories building. Analysts will be watching this morning's inventory release by the Department of Energy to confirm the crude draw of 9.52 million barrels.
- Market Opinion:** Markets are moving higher to start the morning as Hurricane Sally made landfall and bringing with it heavy rainfall and historic flooding throughout the coasts of Florida and Alabama. Offshore oil production in the Gulf of Mexico that is currently offline due to the storm is still supporting crude prices in the near term. Yesterday afternoon's API report is also support prices this morning as an unexpected large draw in crude inventories has many market participants waiting for the release of the inventory report later this morning.

Energy Highlights - Please call your account manager for larger chart.



Heating Oil Daily Chart:

In the adjacent chart, heating oil is moving slightly higher this week after struggling for the past couple weeks. As the calendar changed to September, heating oil has experienced a significant pullback from a relatively tight trading range since late June. Coronavirus recovery efforts continues to be the focus for the entire energy complex. Heating oil is currently sitting just below the 100-day moving average and should test that resistance level throughout the day. If it can close above that level there could be potential to move higher as harvest demand is knocking on the door.

Contract		NYMEX as of 7:45am	Support	Resistance
OCT RBOB	↑	0.0152 @ 1.1533	1.0755	1.2341
OCT HO	↑	0.0109 @ 1.1102	1.0500	1.1150
OCT Crude	↑	0.81 @ 39.09	36.21	38.50