Nearly.... but not quite!

A week that followed the $100 a barrel script was all flowers and chocolates until Thursday when it seemed investors had had enough and took profit as the weekend nestled into place. Taking profit wasn't the only reason for the fall in prices but arriving at the end of the summer gasoline season and the beginning of the winter one certainly saw traders being prudent when managing their gasoline positions. Seasonal changes combined with flips from one month to another on the exchanges are always going to be tension filled and this year 's Summer/Winter price flip and resulting petroleum product specification change was no exception. We arrived at the fabled Q4, without $100 printing on the ICE exchange. It's that segment of the year when all the price predictions and forecasts are tested to the full and unwrapped for one last time until next year when we can do it all again with a clean slate.

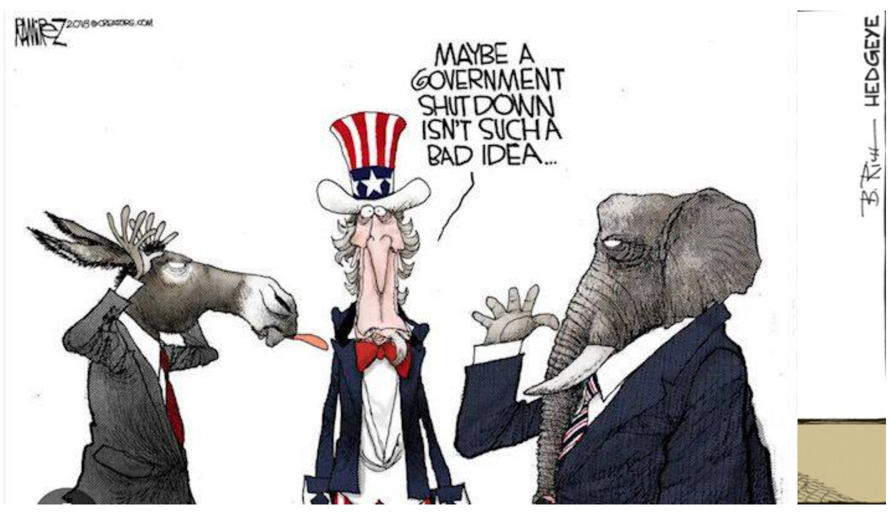
The $100 a barrel club must have been a cock a hoop on Thursday as they made ready for three figure crude oil prices, and who would have bet against it? Well, as it turns out plenty did bet against it! We discovered higher and higher oil prices are not top of everyone's trading agenda although it must be said that various circumstances conspired to force ICE Brent to $92.20 and gasoline swaps to $859.00 at the close on Friday evening for reasons not totally linked to market sentiment more a flip over of months, but regardless of the technicality of it all, the numbers are real. It's worth mentioning that the longer we contemplate the arrival of our crude oil target figure of $100 a barrel the more human nerves kick in sometimes regardless of algorithmic pointers telling us to behave differently in the markets.

On Thursday, however, those market algorithms started to glimmer red, warning of an overbought situation.... suggesting nearly everyone was long as the parade marched on .... and despite trading over $97 a barrel on Thursday morning, the overbought technical position, a strong dollar and the spectre of the FED gloomily hanging over the market dangling interest rate notices using words like “inflation” and sentences like “higher prices will crush demand” were enough for investors to review their trading positions regroup and wait for another opportunity in the days to come when the waters are calmer.

Whatever happens with seasonal price changes and end month price flips we must remain aware that the tightening of crude oil supply created back in July when Saudi Arabia delivered its “Ouchy” to the World has forced oil prices slowly but steadily higher into the 80's and 90's and that underlying influence will continue for the rest of the year. However, despite hefty premiums being paid over dated Brent for physical crude cargoes, ICE futures have struggled to maintain the upward push when dragged over the $95 per barrel line. There remains an underlying niggle that one day Saudi Arabia (despite a forecast budget deficit for 2024 of $24 billion) will gently increase production again. The next Opec meeting begins on the 4th October 2023.

Russia too has eased back on the throttle and reduced crude and product output although the data and complex shipping operations that allow investors to track those cutbacks is not an easy accounting exercise! (Note: Oil Price reports that Russia will put into place its diesel export ban in October, with loadings from Russian ports on the Black and Baltic Sea scheduled to drop to a very low level of 223,000 metric tonnes for Eurasian Economic Union customers). If that story is true then diesel is right back in focus as the market driver.

In other news....
Probably the most surprising news of the week concerned West Texas Intermediate crude oil's home at Cushing Oklahoma.The weekly EIA report which shows the state of Americas oil Inventories reported that crude oil stocks at the exchange hub had dropped to a low (since July 2022) of 22 million barrels threatening the quality of the oil in . storage and issuing a warning that operational difficulties may ensue. Back in June, those stocks were at 43 million barrels but a recent run by refiners to maximise runs (and profits) by manufacturing more and more diesel has seen a rapid decline in stock levels. The WTI/Brent spread improved to reflect the problem but not by as much as we would expect.



The Federal Government of America avoided a shutdown this weekend! This impasse and argument comes round about as frequently as Halloween and seems just as popular! We can always rely on American politicians' true feelings and vitriol being put on display to the World at least once a year! The House and Senate agreed a short-term funding deal with poor old Joe being dragged out of bed to sign it off before anyone changed their mind! The deal will remain in place until the 17th of November when they can do it all again in the run up to Christmas! One notable difference, the standby budget did not include any funding for Ukraine. Congress has approved about $113bn (£92bn) in military, humanitarian and economic aid to Ukraine since Russia waged its full-scale invasion last year. President Biden has requested another $24bn.... We shall see!

What we've learned this week is $100 a barrel crude oil might be coming soon to a screen near you.... We nearly made it on Thursday... but not quite!!

This week's closing guide prices

Ice Brent	$92.20 (-1.57)
WTI	$90.79 (+0.41)
Ice Gas Oil	$1001.50 (+22.00)
Euro Mogas swaps	$859.00 (-83.00)
Naphtha swaps	$689.00 (-24.00)
Nymex Gasoline	$2.3995 (-17.53 cents per gall)
LPG swaps	$550.00 (-22.00)
Opec Basket	$97.48

“Hyde Energy is a reliable global energy trading company with a downstream network. Our expertise to deliver high quality products and services is unrivaled”