

## COMMODITIES

# Oil Edges Up As Refiners Plan Restarts

Operations along Texas coast to resume after being shut by Harvey

*By Stephanie Yang*

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Oil prices reversed losses on Friday as some refineries detailed plans to restart operations in the coming days, relieving some of the pressure on crude.

Light, sweet crude for October delivery settled up 6 cents, or 0.1% at \$47.29 a barrel on the New York Mercantile Exchange, after trading as low as \$46.56 earlier in the session. Prices closed at the highest level in one week. Brent, the global benchmark, fell 11 cents, or 0.2%, to \$52.75 a barrel.

Tropical storm Harvey made an initial landfall in Texas as a Category 4 hurricane before being downgraded, dousing the coast with rain and flooding. While the storm disrupted some crude production, the industry expects a bigger impact on demand as refiners shut down or reduced operations.

According to the Energy Department, 10 refineries in the Gulf Coast region were shut down as of Thursday afternoon, nearly 17% of total U.S. refining capacity. However, some refiners have announced plans to restart facilities in the coming days, easing concerns of a fuel shortage.

Valero Energy Corp., Flint Hills Resources and most recently Venezuela's Citgo said they would be restarting refineries in Corpus Christi, where operations were threatened when Harvey first hit Texas.

"There's a lot of doom and gloom out there about their ability to come back from this, but in my experience, they come back a lot more quickly than people realize," said John Kilduff, founding partner at Again Capital. "The anxiety yesterday hit a crescendo and today we're seeing it get dialed back."

The reports also caused gasoline prices to retreat from a two-year high on Friday. Futures for October delivery fell 1.8% to \$1.7479 a gallon on the New York Mercantile Exchange. Diesel futures rose 0.3% to \$1.7468 a gallon.



Rainwater from Hurricane Harvey surrounding oil refinery storage tanks in Texas City, Texas. After Hurricane Rita in 2005, it took two months for refinery run-rates to recover to pre-storm levels. PHOTO: LUKE SHARRETT/BLOOMBERG NEWS

Worries over a dearth of fuel around the country were also partly alleviated by reports that pipelines affected by the storm were starting to return to normal, analysts said.

With a key source of crude demand on hold, analysts and traders expect the amount of crude oil in storage to pile up over the next few weeks, reversing a trend that ignited hope a global rebalancing in the oil market was gaining traction.

As traders continue to assess the damage done in Harvey's aftermath, the market will once again turn its attention to the Organization of the Petroleum Exporting Countries, analysts said. The global cartel has struggled to mitigate a global supply glut as U.S. shale has increased production following OPEC's decision to curtail output.

At the end of the week, some news from OPEC helped provide support to prices, said Robbie Fraser, commodity analyst at Schneider Electric, in a Friday report.

"Libya continues to face significant production headwinds amid ongoing militant activity, while Iraq has announced the country is now fully compliant with their agreed cut quota," Mr. Fraser wrote.

—*Dan Molinski contributed to this article.*

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