

Market Commentary

Recap: Oil prices rose after OPEC reported a decline in production for the month of August, as well as increased their demand forecast for 2018. Prices drifted higher within a narrow range, under moderate volume. October WTI held above the 50-day moving average of \$47.56 and gained momentum above \$47.85, the 10-day moving average, to achieve a high of \$48.44. Gains were pared, with this spot contract settling at \$48.23 a barrel, up 16 cents, or 0.33%. Brent closed up 34 cents, or 0/80%, to settle at \$54.27 a barrel.

October RBOB gained 2.18 cents, or 1.38%, to settle at \$1.6563 a gallon, while October heating oil settled at \$1.7406 a gallon, down .0021 cents, or 0.12%.

Fundamental News: Bloomberg reported that crude oil stocks held in Cushing, Oklahoma increased by 1.6 million barrels to 59.63 million barrels in the week ending September 8th.

OPEC and its allies are discussing extending the oil production cuts that expire in March 2018 by more than three months, potentially bringing them well into the second half of next year. One option under discussion is a six-month extension.

Russia's Energy Minister, Alexander Novak, met with his Venezuelan counterpart, Eulogio Del Pino, on Tuesday to discuss a global deal to limit oil output.

In its monthly report, OPEC raised the estimate for the amount of crude it will need to supply next year amid a stronger outlook for global oil demand. It increased its 2018 forecast by 400,000 bpd to 32.8 million bpd on increased demand estimates for Europe and China. OPEC increased its global oil demand estimates for 2015 through 2018. It raised its 2018 forecast by 400,000 bpd to 98.1 million bpd. As a result, the growth rate expected for next year also increased by about 100,000 bpd to 1.35 million bpd. It reported that non-OPEC oil production in August fell by 320,000 bpd on the month to 57.68 million bpd. US oil output fell by 70,000 bpd as production from the Gulf of Mexico and parts of Eagle Ford was partially disrupted by Hurricane Harvey. OPEC oil production averaged 32.76 million bpd in August, down 79,000 bpd on the month. Crude output increased in Nigeria, while production fell in Libya, Gabon, Venezuela and Iraq. OPEC's compliance with its output cut pledge stands at 83%, down from 86% initially reported for July.

In its Short Term Energy Outlook, the EIA cut its 2017 world oil demand growth forecast by 70,000 bpd to 1.35 million bpd. However, it increased its oil demand growth estimate for 2018 by 80,000 bpd to 1.69 million bpd. World oil demand in 2017 and 2018 is estimated to total 98.26 million bpd and 99.95 million bpd, respectively. It reported that OPEC production in 2017 is expected to decline by 200,000 bpd to 32.49 million bpd and increase by 500,000 bpd to 32.99 million bpd in 2018. Meanwhile, total US petroleum demand in 2017 is expected to increase by 350,000 bpd to 19.98 million bpd and increase by 40,000 bpd to 20.38 million bpd in 2018. Gasoline demand in 2017 is expected to remain unchanged at 9.33 million bpd but increase by 40,000 bpd to 9.37 million bpd in 2018. Distillate demand in 2017 is estimated to increase by 110,000 bpd to 3.99 million bpd and increase by 80,000 bpd to 4.07 million bpd in 2018.

Pemex has ordered a record 619,000 bpd of gasoline in September, as there is no restart date for its Salina Cruz refinery while Houston area refiners are still attempting to fully resume operations.

Early Market Call - as of 9:00 AM EDT

WTI - Oct \$48.74, up 51 cents

RBOB - Oct \$1.6546, down 15 points

HO - Oct \$1.7477, up 69 points

All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-17	1.7406	-0.0021	-0.0074
Nov-17	1.7344	0.001	0.0021
Dec-17	1.7277	0.0032	0.0106
Jan-18	1.7229	0.0052	0.0164
Feb-18	1.7127	0.007	0.0196
Mar-18	1.6993	0.0076	0.0206
Apr-18	1.6817	0.007	0.0171
May-18	1.6704	0.0057	0.0123
Jun-18	1.6633	0.0046	0.0087
Jul-18	1.6638	0.0046	0.0066
Aug-18	1.667	0.0049	0.0061
Sep-18	1.6722	0.005	0.0064
Oct-18	1.6782	0.0051	0.0068
Nov-18	1.6842	0.0049	0.0069
Dec-18	1.6889	0.0046	0.0066
Jan-19	1.6939	0.0046	0.0061

Sprague HeatCurve Oct 2017-April 2018* \$1.7171

* Degree Day weighted NYMEX strip (no differentials)

Other Front Month NYMEX		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$5.52	\$48.7500	\$0.1300
Crude - Brent		\$54.2700	\$0.4300
Natural Gas		\$3.0010	\$0.0510
Gasoline		\$1.6563	\$0.0218

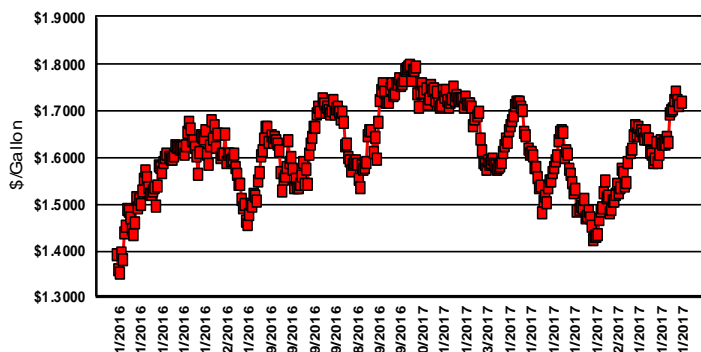
API Report for the Week Ending September 8, 2017

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Up 6.2 million barrels	Up 4-10 million barrels
Cushing, OK Crude Stocks	Up 1.3 million barrels	Up 1.6 million barrels
Gasoline Stocks	Down 7.9 million barrels	Down 2.5-4 million barrels
Distillate Stocks	Down 1.8 million barrels	Down 0.3/1.5 million barrels

Sprague HeatCurve Winter 2017/18

Sprague HeatCurve October 2017 - April 2018

Degree Day Weighted



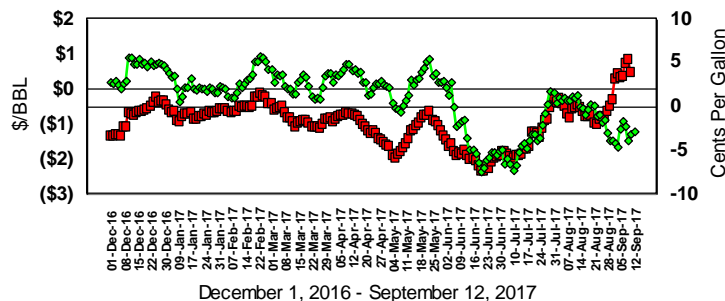
NYMEX WTI & HO Dec 17-Dec 18 Spreads

NYMEX Energy Spreads

Dec 17-Dec 18

WTI Vs Heat

HO (red squares) WTI (green diamonds)



December 1, 2016 - September 12, 2017