

Market Commentary

Recap: Oil prices finished higher on Monday, as tensions in the Middle East overshadowed the restoration of output from Saudi Arabia, which was lost due to attacks over a week ago that damaged its oil facilities. This geopolitical risk pushed November WTI to a session high of \$59.39 a barrel, for gain of \$1.39, or 2.2% higher, before this spot contract pared gains for a settlement of \$58.64 a barrel, up 55 cents or 0.95%. Brent for December delivery added 49 cents, or 0.75%, to settle at \$64.77 a barrel. October RBOB added 0.3% at \$1.6838 a gallon, while October heating oil rose 0.5% at \$1.997 a gallon.

Technical Analysis: Despite trading above the long standing trend line, WTI failed to settle above it for the fifth straight session, while at the same time, continuing to eat away at the gap created by last Monday's session. As mentioned previously, we foresee feeble attempts for this market to trade higher, and as long as this market continues to fail above the trend line, we would look to be sellers, with the ultimate goal of filling the gap down to \$55.68. Resistance is set at \$58.74 and above that at \$59.43. To the downside, support is set at the 10-day moving average currently set at \$57.79 and below that at \$56.40, the 200-day moving average.

Fundamental News: Saudi Arabia restored more than 75% of crude output lost after attacks on its facilities and will resume full volumes by early next week. Saudi Arabia's oil production from its Khurais plant is now at more than 1.3 million bpd, while current production from its Abqaiq plant is at about 3 million bpd. Saudi Arabia has managed to recover supplies to customers to the levels they were at prior to the attacks by drawing from its huge oil inventories and offering other crude grades from other fields. Saudi Arabia's Minister, Prince Abdulaziz bin Salman and the chief executive of state oil company, Aramco, Amin Nasser, have said the output will be fully back online by the end of September. The Wall Street Journal reported on Monday that repairs at the plants could take months longer than anticipated.

Gasoline exports from Europe to the Middle East and Asia are expected to increase this week after recent attacks on Saudi Arabia's oil facilities. Over 400,000 tons of gasoline and gasoline blending components have been booked in the past week for loading between September 21st and September 26th out of northwest Europe with Mideast Gulf delivery options. The flow is the equivalent of around 500,000 bpd. It is unclear where the cargoes will end up, however traders said that Saudi Aramco is seeking to buy large volumes of refined oil products.

IIR reported that US oil refiners are expected to shut in 1.7 million bpd of capacity in the week ending September 27th, cutting available refining capacity by 441,000 bpd from the previous week. Capacity offline is expected to fall to 1.47 million bpd in the week ending October 4th.

US President, Donald Trump, arriving at the UN General Assembly on Monday was asked about the possibility of meeting Iran's President, Hassan Rouhani following tensions over an attack on Saudi Arabia's oil facilities. He told reporters, "we'll see what happens." Separately, US President, Donald Trump, responded positively to British Prime Minister, Boris Johnson's idea of creating a new nuclear deal with Iran, saying that he respected Johnson and was not surprised he had floated the idea.

Iran's President, Hassan Rouhani, said new US sanctions pointed to US "desperation" in face of Iranian resistance. On Friday, the US imposed another round of sanctions on Iran, including on its central bank which was already blacklisted, following the September 14th attacks on Saudi oil installations. Meanwhile, US Secretary of State, Mike Pompeo, said the US aimed to avoid war with Iran and the additional troops ordered to be deployed in the Gulf region were for "deterrence and defense."

Early Market Call - as of 9:05 AM EDT

WTI - Nov \$58.07, down 57 cents

RBOB - Oct \$1.6692, down 1.81 cents

HO - Oct \$1.9757, down 2.15 cents

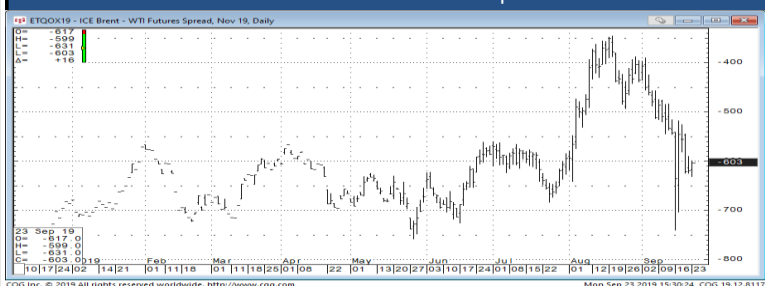
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-19	1.9970	0.0107	-0.0868
Nov-19	1.9925	0.0105	-0.0871
Dec-19	1.9864	0.0107	-0.0876
Jan-20	1.9783	0.0112	-0.0881
Feb-20	1.9654	0.0121	-0.0876
Mar-20	1.9471	0.0124	-0.0860
Apr-20	1.9261	0.0126	-0.0821
May-20	1.9110	0.0123	-0.0771
Jun-20	1.8977	0.0118	-0.0725
Jul-20	1.8926	0.0121	-0.0682
Aug-20	1.8897	0.0127	-0.0643
Sep-20	1.8887	0.0133	-0.0600
Oct-20	1.8884	0.0141	-0.0569
Nov-20	1.8889	0.0143	-0.0547
Dec-20	1.8889	0.0137	-0.0531
Jan-21	1.8896	0.0136	-0.0516
Feb-21	1.8830	0.0136	-0.0492

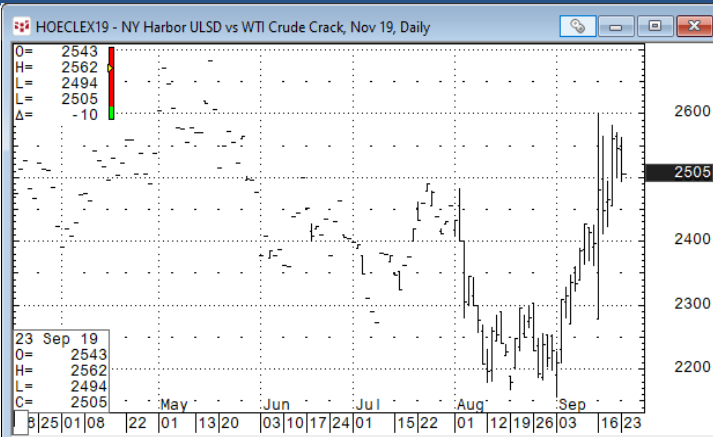
Sprague HeatCurve Oct 2019-Apr 2020 \$1.9709

Other Front Month NYMEX		Close	Change
Crude - WTI	Nov Brent-	\$58.6400	\$0.5500
Crude - Brent	WTI Spread	\$64.7700	\$0.4900
Natural Gas	\$6.13	\$2.5270	-\$0.0070
Gasoline		\$1.6838	\$0.0054

ICE November Brent-WTI Spread



November Heating Oil Crack Spread



November RBOB Crack Spread

