

Market Commentary

Recap: Oil prices climbed for the second straight month, with Brent reaching a fresh four-year high, while WTI rose to its highest level since July 11. Impending U.S. sanctions against Iran and their impact on supplies was the catalyst behind Friday's move and the second weekly decline in the U.S. oil rig count, which fell by 3 this week. WTI rose to a high of \$73.73, as it closes in on \$73.96, the 38% retracement of the move from the 2016 low of \$36.77 and the 2011 high of \$134.12. Prices rose steadily during daylight trading, mildly paring gains prior to the settlement period. November Brent settled at \$82.72 a barrel, up \$1.00, or 1.22%, while WTI tacked on \$1.13, or 1.57%, to settle at \$73.25 a barrel. October RBOB rose 0.9% to settle at \$2.101 a gallon, while October heating oil gained 1.5% to settle at \$2.352 a gallon. The October contracts expired at the close of business on Friday.

Technical Analysis

WTI appears to be closing in on \$73.96, the 38% retracement of its fall from the 2011 high of \$134.12 and the 2016 low of \$36.11. With moving oscillators still trending to the upside, we would look for a move toward this level. Resistance is set at \$74.25 and \$75.67. Support is set at \$71.14 and \$70.63

Fundamental News: A Reuters poll of economists released Friday showed that expectations are for oil prices to climb continuously into next year. The average WTI price for 2018 is now seen at \$67.29 up 16 cents from a poll taken a month ago, with 2019 prices averaging \$67.48 per barrel.

Reuters reported that according to Russian trade sources crude oil production in Russia in September is on track to reach a post-Soviet high of 11.347 million b/d. Russian crude oil production in August was virtually unchanged from July at 11.21 million b/d.

Baker Hughes reported Friday afternoon the number of oil drilling rigs operating in the United States this week declined by three rigs from the prior week, and stood at 863 rigs. This was the second consecutive weekly decline and for the quarter overall, oil companies added only five rigs versus 61 rigs added in 2Q2018 and 50 rigs in the 1Q2018. More than half of the total drilling rigs operating in the United States are in the Permian region.

The EIA said in their monthly production report that U.S. crude oil production in July averaged a record 10.964 million b/d. The agency revised its June estimate slightly higher to 10.695 million b/d.

Philadelphia Energy Solutions reported to regulators it experienced an emission event at its FCC unit at the Point Breeze section of its Philadelphia refinery back on September 25th.

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Early Market Call - as of 9:45 AM EDT

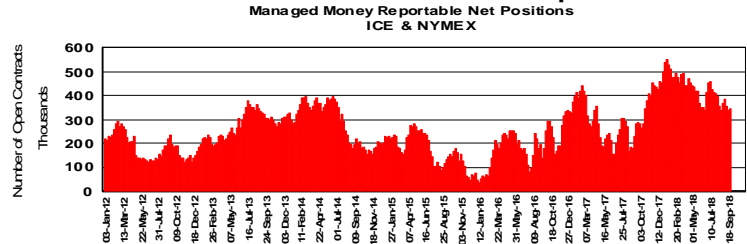
WTI - Nov \$73.43 up 18 cents per barrel
 RBOB - Nov \$2.0885 up 28 points per gallon
 HO - Nov \$2.3608 up 1.23 cents per gallon

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-18	\$2.3518	\$0.0287	\$0.1258
Nov-18	\$2.3485	\$0.0225	\$0.1179
Dec-18	\$2.3526	\$0.0231	\$0.1171
Jan-19	\$2.3556	\$0.0236	\$0.1168
Feb-19	\$2.3527	\$0.0243	\$0.1156
Mar-19	\$2.3450	\$0.0251	\$0.1147
Apr-19	\$2.3334	\$0.0252	\$0.1136
May-19	\$2.3255	\$0.0256	\$0.1115
Jun-19	\$2.3193	\$0.0259	\$0.1092
Jul-19	\$2.3205	\$0.0261	\$0.1075
Aug-19	\$2.3239	\$0.0259	\$0.1052
Sep-19	\$2.3294	\$0.0257	\$0.1033
Oct-19	\$2.3344	\$0.0253	\$0.1007
Nov-19	\$2.3387	\$0.0252	\$0.0976
Dec-19	\$2.3421	\$0.0244	\$0.0932
Jan-20	\$2.3430	\$0.0228	\$0.0882
Feb-20	\$2.3365	\$0.0193	\$0.0790

Sprague HeatCurve Oct 2018-April 2019		\$2.3498
Other Front Month NYMEX	Close	Change
Crude - WTI	Nov Brent- WTI Spread	\$73.2500
Crude - Brent		\$82.7200
Natural Gas	\$9.47	\$3.0830
Gasoline		\$2.1012
		\$0.0188

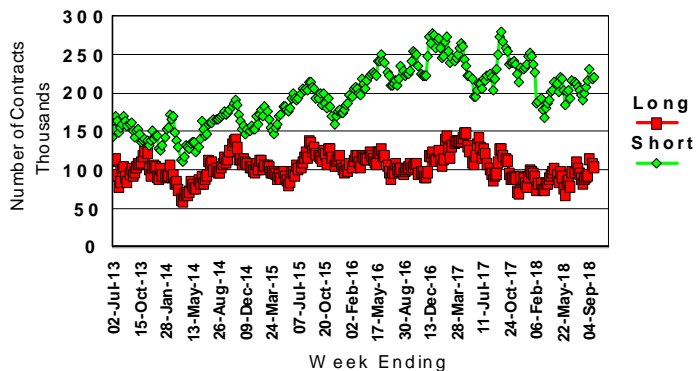
Commitment of Traders Report: WTI



Commitment of Traders Report for the Week Ending September 28, 2018

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

