

Market Commentary

Recap: Oil prices rose on Tuesday, as Hurricane Florence threatens supplies as it makes its way across the U.S. East Coast. This, in conjunction with the EIA lowering its forecasts for domestic production, and the nearing of the November 4th date for the imposition of sanctions against Iran, pushed both Brent and WTI more than 2% higher on the day. Brent topped \$79.00, while WTI broke back above \$69.00. November Brent settled at \$79.06 a barrel, up \$1.69, or 2.18%, while WTI for October delivery gained \$1.71, or 2.53%, to settle at \$69.25 a barrel. October RBOB rose 2.8%, to settle at \$2.014 a gallon, while October heating oil tacked on 1.5% to settle at \$2.252 a gallon.

Fundamental News: Bloomberg estimated that crude oil stocks held in Cushing, Oklahoma are expected to increase by 900,000 barrels in the week ending September 7th to 24.7 million barrels.

The AAA stated that Hurricane Florence may make gasoline more expensive along the East Coast as drivers fuel up ahead of the storm.

In its Short-Term Energy Outlook, the EIA cut its 2018 world oil demand growth forecast by 80,000 bpd to 1.58 million bpd. It cut its oil demand growth estimate for 2019 by 100,000 bpd to 1.47 million bpd. Total world oil demand in 2018 is estimated at 100.1 million bpd while demand in 2019 is estimated at 101.57 million bpd. Total world supply is forecast to increase by 1.99 million bpd to 99.67 million bpd in 2018 and by 1.98 million bpd to 101.65 million bpd in 2019. OPEC's oil production in 2018 is estimated to fall by 330,000 bpd to 32.35 million bpd while production in 2019 is forecast to fall by 150,000 bpd to 32.2 million bpd. US oil production in 2018 is forecast to increase to 10.66 million bpd while production in 2019 is estimated to increase to 11.5 million bpd. Total US oil demand in 2018 is expected to increase by 470,000 bpd to 20.43 million bpd while demand in 2019 is expected to increase by 250,000 bpd to 20.68 million bpd. The EIA forecast Brent crude prices will average \$73/barrel in 2018 and \$74/barrel in 2019. The price of WTI is forecast to average \$6/barrel lower than Brent prices in 2018 and 2019.

According to S&P Global Platts trade flow software cFlow, gasoline cargoes heading from Northwest Europe to Canada and the US in September so far amount to 555,000 metric tons as of Monday. Expected arrivals in the third week of September will total an estimated 74,000 metric tons. S&P Global Platts trade flow software cFlow also reported that the volume of distillates scheduled to arrive in the Mediterranean and Northwest Europe from the US Gulf Coast in September amounted to 840,000 metric tons as of Monday, with 560,000 metric tons expected to arrive in the former region and 280,000 metric tons bound for the later.

Bloomberg reported that US waterborne crude imports in the week ending September 7th increased by 327,800 bpd to 4.15 million bpd.

Russia's Energy Minister, Alexander Novak, said Russia and a group of producers around the Middle East which dominate OPEC may sign a new long-term cooperation deal at the beginning of December.

The members of the Unite union rejected a revised pay offer by Total by 95% on Tuesday. Another meeting under the auspices of the Advisory, Conciliation and Arbitration Service has been scheduled for September 13th. If the negotiations with the ACAS are not successful, then the previously planned strike for September 17th for a 12-hour stoppage will proceed as planned.

Russia's Deputy Foreign Minister, Sergei Ryabkov, said Russia believes it is important to create the conditions to continue Iranian oil exports to external markets.

Early Market Call - as of 8:35AM EDT

WTI - Oct \$70.03, up 78 cents
 RBOB - Oct \$2.0242, up 1.03 cents
 HO - Oct \$2.2575, up 55 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-18	\$2.2520	\$0.0342	\$0.0175
Nov-18	\$2.2550	\$0.0337	\$0.0176
Dec-18	\$2.2566	\$0.0338	\$0.0173
Jan-19	\$2.2583	\$0.0338	\$0.0165
Feb-19	\$2.2542	\$0.0331	\$0.0166
Mar-19	\$2.2450	\$0.0321	\$0.0173
Apr-19	\$2.2330	\$0.0322	\$0.0202
May-19	\$2.2279	\$0.0321	\$0.0234
Jun-19	\$2.2248	\$0.0323	\$0.0256
Jul-19	\$2.2274	\$0.0327	\$0.0264
Aug-19	\$2.2325	\$0.0326	\$0.0264
Sep-19	\$2.2392	\$0.0329	\$0.0262
Oct-19	\$2.2460	\$0.0330	\$0.0264
Nov-19	\$2.2505	\$0.0336	\$0.0265
Dec-19	\$2.2541	\$0.0335	\$0.0243
Jan-20	\$2.2611	\$0.0335	\$0.0234
Feb-20	\$2.2643	\$0.0335	\$0.0232

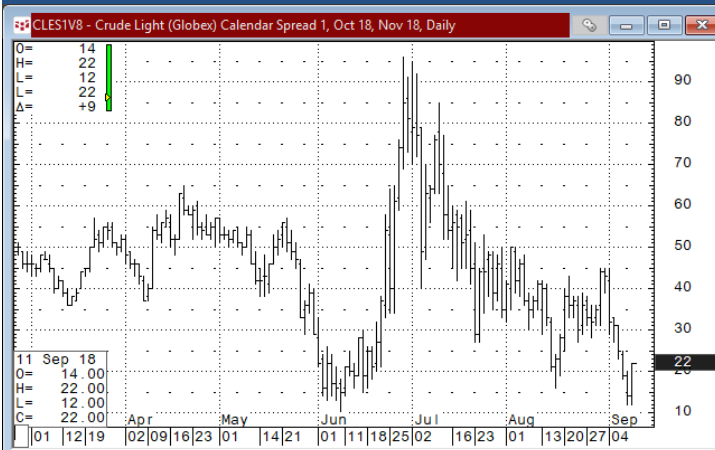
Sprague HeatCurve Oct 2018-April 2019 \$2.2521

Other Front Month NYMEX		Close	Change
Crude - WTI	Nov Brent-	\$69.0400	\$1.6300
Crude - Brent	WTI Spread		
Natural Gas	\$10.02	\$2.8280	\$0.0240
Gasoline		\$2.0142	\$0.0550

API Report for the Week Ending September 7, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Down 8.6 million barrels	Down 2.7 million barrels
Cushing, OK Crude Stocks	Down 1.2 million barrels	Up 11,000 barrels
Gasoline Stocks	Up 2.1 million barrels	Unchanged
Distillate Stocks	Up 5.8 million barrels	Up 2.3 million barrels
Refinery Runs	Up 134,000 bpd	Down 0.9% at 95.7%

NYMEX Oct-Nov WTI Spread



NYMEX Oct-Nov Heating Oil Spread

