

Market Commentary

Recap: The oil market on Friday traded mostly sideways in overnight trading following Thursday's sharp losses. The market breached its previous low as it sold off to a low of \$67.94. However, the market bounced off that level and rallied to a high of \$69.91 as the focus returned to supply concerns ahead of a November deadline for US sanctions on Iranian crude. The US assistant secretary of state for economic and business affairs told lawmakers on Thursday that the country is prepared to take the "strongest action" against countries not complying with Iran sanctions, including cutting Iranian crude exports to zero. The crude market later retraced some of its gains and traded mostly sideways during the remainder of the session. The October WTI contract settled up 40 cents at \$68.99 and the November Brent contract settled down 9 cents at \$78.09. Meanwhile, the product markets ended the session in negative territory for the second consecutive day, with the heating oil market settling down 1.43 cents at \$2.2092 and the RBOB market settling down 2.27 cents at \$1.9702.

Fundamental News: Baker Hughes reported that the number of rigs drilling for oil in US increased for the second consecutive week. Drillers added seven oil rigs in the week ending September 14th, bringing the total count to 867.

Iran's OPEC Governor, Hossein Kazempour Ardebili, said the US will find it difficult to cut Iran's oil exports completely as the oil market is already tight and other producers cannot make up the shortfall. He said there is no spare capacity anywhere. The US is seeking to cut Iran's oil exports to zero by November as it reimposes sanctions and is encouraging other producers such as Saudi Arabia, other OPEC members and Russia to produce more to meet the shortfall.

US Energy Secretary Rick Perry said Saudi Arabia, the US and Russia can raise global output in the next 18 months to compensate for declining oil supplies from Iran and elsewhere.

A spokeswoman for Germany's Economy Ministry said the country and its European partners are considering setting up a payment system with Iran that allows the continuation of business transactions with Iran once US sanctions are imposed against Iran.

Chinese state media reported that Venezuela's President Nicolas Maduro told Chinese President Xi Jinping during their meeting on Friday, that his country will strengthen energy cooperation with China. Venezuela's President is in China on a four-day trip to discuss economic agreements. China's President said the two countries should promote mutually beneficial cooperation to take relations to a new stage and that they should consolidate political mutual trust. Meanwhile, China's Premier Li Keqiang told Venezuela's President that China is willing to provide Venezuela with what help it can.

Bloomberg reported that global refinery outages totaled 4.71 million bpd in the week ending September 13th.

North Dakota's Industrial Commission reported that oil production in the state increased by 42,000 bpd to 1,269,000 bpd in July. It reported that production at Bakken and Three Forks totaled 1,216,000 bpd in July.

According to Reuters, India's refiners are preparing to cut daily Iranian crude oil imports nearly in half in September and October compared with the daily imports for April through August. Even with the reductions for September and October, India's refiners will still import about 73% of their annual fixed term 2018/19 volumes before the US reimposes sanctions on Iran's oil sector in early November.

Early Market Call - as of 8:00 AM EDT

WTI - Oct \$69.43, up 44 cents

RBOB - Oct \$1.9888, up 1.86 cents

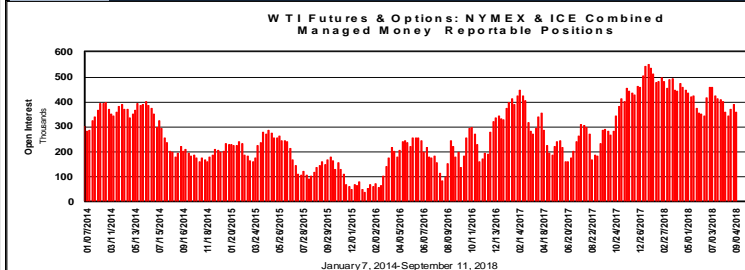
HO - Oct \$2.2167, up 75 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-18	\$2.2092	-\$0.0143	-\$0.0090
Nov-18	\$2.2130	-\$0.0134	-\$0.0072
Dec-18	\$2.2173	-\$0.0122	-\$0.0043
Jan-19	\$2.2211	-\$0.0113	-\$0.0023
Feb-19	\$2.2188	-\$0.0111	-\$0.0006
Mar-19	\$2.2115	-\$0.0107	\$0.0015
Apr-19	\$2.2019	-\$0.0105	\$0.0057
May-19	\$2.1974	-\$0.0114	\$0.0080
Jun-19	\$2.1938	-\$0.0125	\$0.0092
Jul-19	\$2.1970	-\$0.0130	\$0.0105
Aug-19	\$2.2032	-\$0.0132	\$0.0115
Sep-19	\$2.2114	-\$0.0130	\$0.0127
Oct-19	\$2.2197	-\$0.0127	\$0.0142
Nov-19	\$2.2257	-\$0.0123	\$0.0156
Dec-19	\$2.2321	-\$0.0122	\$0.0170
Jan-20	\$2.2393	-\$0.0118	\$0.0161
Feb-20	\$2.2428	-\$0.0114	\$0.0164

Sprague HeatCurve Oct 2018-April 2019 \$2.2150

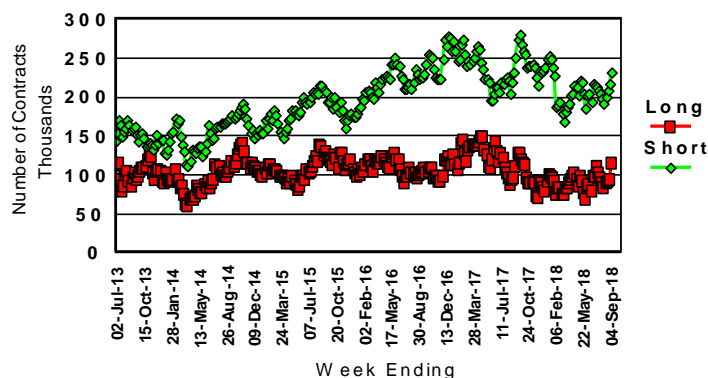
Other Front Month NYMEX		Close	Change
Crude - WTI	Nov Brent-	\$68.7700	\$0.3600
Crude - Brent	WTI Spread	\$78.0900	-\$0.0900
Natural Gas	\$9.32	\$2.7670	-\$0.0500
Gasoline		\$1.9702	-\$0.0227



Commitment of Traders Report for the Week Ending September 11, 2018

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

