

Market Commentary

Recap: Oil prices finished higher on Monday, with WTI experiencing an inside trading session, and Brent rising to a seven-week high. Prices gained support on fresh trade talks between the U.S. and Mexico, which would nullify the North American Free Trade Agreement. A new trade deal is expected to increase growth, which in turn is expected to increase demand for oil. Adding to the support were reports that OPEC and non-OPEC producers continue to ease up on production. Traders remain on edge as they await the outcome of trade wars between China and the U.S.; and U.S. sanctions against Iran. Attention this week will be on both the API and EIA inventory reports. October WTI added 15 cents, or 0.2%, to settle at \$68.87 a barrel, while Brent for October delivery gained 39 cents, or 0.5%, to settle at \$76.21 a barrel.

September RBOB rose 0.6% to settle at \$2.09 a gallon. September heating oil added 0.6% to settle at \$2.215 a gallon.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending August 24th fell by 41,953 barrels on the week but increased by 764,829 barrels from Tuesday, August 21st to 26,670,446 barrels.

Iraq's SOMO is close to a deal with China's Zhenhua Oil to increase Iraq's crude oil sales to China. The move will increase Iraq's position in Asia, which already takes 60% of its oil exports or 3.8 million bpd.

Iran's President, Hassan Rouhani, said Iran expects the remaining partners in its nuclear agreement to act quickly to preserve it. He made the comments during a phone conversation with French President Emmanuel Macron.

The head of Iran's Revolutionary Guards navy said Iran has full control of the Gulf and the Strait of Hormuz and added that the US Navy does not belong there. Iranian officials have in the past threatened to block the Strait of Hormuz in retaliation for any hostile US action.

Separately, the head of the Revolutionary Guards, Major General Mohammad Ali Jafari, said Iran's enemies would not prevail in a conflict.

Wood Mackenzie said India is set to overtake China as the world's largest oil-demand growth center by 2024. India's oil demand is seen rising by 3.5 million bpd from 2017 to 2035, accounting for one-third of global growth. Demand is seen driven by rising income, expanding middle class and the increasing need for mobility. The country's refinery supply will fail to keep up with demand growth.

An OPEC and non-OPEC monitoring committee found that oil producers participating in a supply-reduction agreement cut output in July by 9% more than called for in their pact. The OPEC Ministerial Monitoring Committee sees July's compliance rate at 109%, compared with 120% in June and 147% in May.

The head of the IEA, Fatih Birol, said Venezuela's oil production is expected to decline further after falling by 50% in recent years. He expects Libya and Nigeria to see some improvement in oil production but added that they remain fragile.

IIR Energy reported that US oil refiners are expected to shut in 462,000 bpd of capacity in the week ending August 31st, increasing available refining capacity by 181,000 bpd in the previous week. IIR expects offline capacity to fall to 139,000 bpd in the week ending September 7th.

Early Market Call - as of 8:30 AM EDT

WTI - Oct \$68.99, up 12 cents

RBOB - Sep \$2.0974, up 77 points

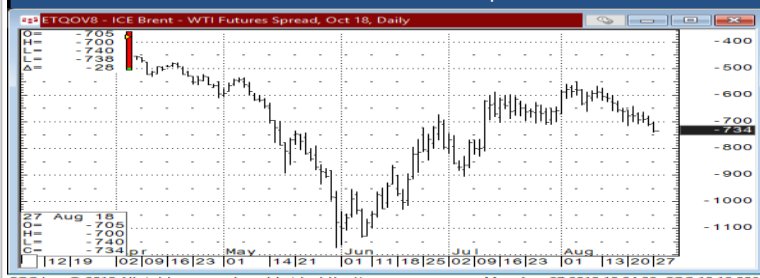
HO - Sep \$2.2303, up 1.54 cents

All NYMEX | Prior Settlements

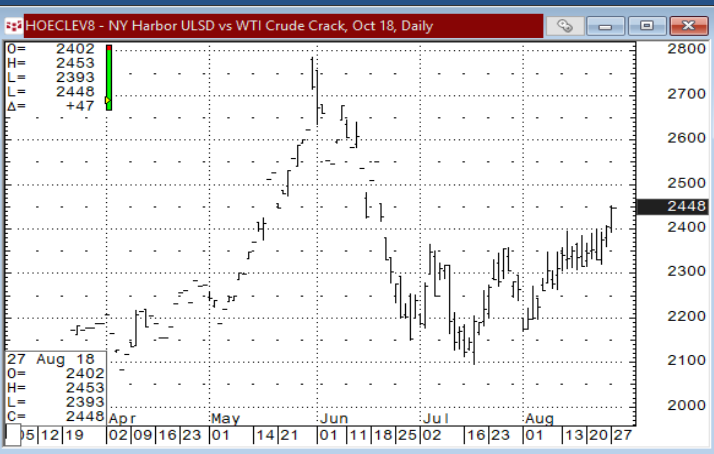
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-18	2.2149	0.0127	0.1011
Oct-18	2.2206	0.0128	0.1028
Nov-18	2.2240	0.0127	0.1029
Dec-18	2.2253	0.0122	0.1008
Jan-19	2.2277	0.0118	0.0992
Feb-19	2.2242	0.0114	0.0982
Mar-19	2.2151	0.0108	0.0974
Apr-19	2.1924	0.0106	0.0965
May-19	2.1917	0.0103	0.0942
Jun-19	2.1854	0.0101	0.0922
Jul-19	2.1874	0.0098	0.0909
Aug-19	2.1924	0.0096	0.0906
Sep-19	2.2000	0.0093	0.0901
Oct-19	2.2064	0.0093	0.0894
Nov-19	2.2114	0.0090	0.0886
Dec-19	2.2177	0.0090	0.0882
Jan-20	2.2279	0.0088	0.0852

Sprague HeatCurve Oct 2018-April 2019			\$2.2213
Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent-	\$68.8700	\$0.1500
Crude - Brent	WTI Spread	\$76.2100	\$0.3900
Natural Gas	\$7.34	\$2.8760	-\$0.0410
Gasoline		\$2.0896	\$0.0117

ICE October WTI-Brent Spread



October Heating Oil Crack Spread



October RBOB Crack Spread

