

Market Commentary

Recap: Oil prices rose on Friday, ahead of Sunday's meeting between OPEC and its allies. The topic of conversation at the meeting will most likely focus on production increases, as the deadline for U.S. sanctions against Iran draws near. November WTI rose as much as 2%, reaching a high of \$71.80, while Brent closed in on four-year highs, as it rose 1.8%, topping the session at \$80.12. While OPEC members may be focused on ramping up production, it is unlikely that changes will be made because such changes require the group to hold an "extraordinary meeting." Despite the initial strength in prices, gains were pared in this actively traded, volatile session. November WTI settled at \$70.78 a barrel, up 46 cents, or 0.65%, or a weekly gain of 3%, while November Brent tacked on 10 cents, or 0.13%, to settle at \$78.80 a barrel, for a weekly gain of 0.71%.

October RBOB rose 0.2% to \$2.018 a gallon, headed for a weekly increase of 2.4%, and October heating oil lost 0.1% to \$2.225 a gallon, still ready for a weekly rise of 0.7%.

Fundamental News: Baker Hughes reported that the number of rigs searching for oil fell for the second week in three as new drilling has stalled in the Permian. It reported that the oil rig count fell by 1 to 866 in the week ending September 21st.

A source familiar with the discussions said OPEC and non-OPEC countries are discussing the possibility of raising output by 500,000 bpd to counter declining supply from Iran due to US sanctions. Three OPEC and non-OPEC sources said the latest data showed that OPEC and its allies supplied less oil in August than they did in July due to a decline in Iranian exports.

Russia on Friday called a new wave of US sanctions misguided, saying the US's habit of using sanctions against Russia risked undermining global stability and was part of a dangerous game. The Trump administration imposed sanctions on the Chinese military on Thursday for buying fighter jets and missile systems from Russia, in breach of a US sanctions law punishing Russia for meddling in the 2016 US election.

The Iranian Revolutionary Guards and army carried out a joint aerial military drill in the Gulf on Friday in what official media said indicated the "pounding reply" that awaited the country's enemies. Iran has suggested in recent weeks that it could take military action in the Gulf to block other countries' oil exports in retaliation for US sanctions intended to halt its sales of crude. Iran has a large naval military drill, including about 600 naval vessels, planned on Saturday. Separately, an Iranian cleric, Hassan Abu-Torabi Fard, said that the time had come for Israel to say goodbye.

IIR Energy reported that US oil refiners are expected to shut in 1,073,000 bpd of capacity in the week ending September 21st, reducing available refining capacity by 370,000 bpd from the previous week. IIR expects offline capacity to increase to 1,455,000 bpd in the week ending September 28th and then to 1,529,000 bpd in the week ending October 5th.

Bloomberg reported that global refinery outages totaled 4.72 million bpd in the week ending September 20th. This is compared with 4.76 million bpd in the previous week.

JPMorgan Chase said US sanctions on Iran could see crude quickly increasing to \$90/barrel as supply restrictions outweigh any impact on demand for emerging market weakness. It raised its Brent forecast for the fourth quarter to \$85/barrel.

Standard Chartered raised its Brent forecast for 2019 by \$3/barrel to \$78/barrel and 2020 estimate by \$7/barrel to \$85/barrel. For 2018, the Brent forecast was raised by \$4/barrel to \$75/barrel. Its WTI price forecast for 2019 was increased by \$2/barrel to \$73/barrel and 2020 by \$8/barrel to \$82/barrel. Its 2018 WTI forecast was unchanged at \$68/barrel.

Early Market Call - as of 8:58 AM EDT

WTI - Nov \$71.88 up \$1.10 per barrel

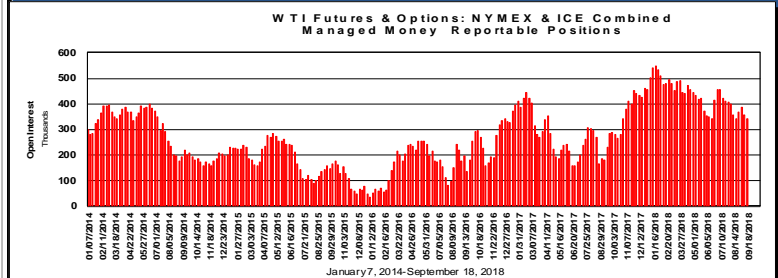
RBOB - Oct \$2.0465 up 2.94 cents per gallon

HO - Oct \$2.2648 up 3.88 cents per gallon

All NYMEX | Prior Settlements

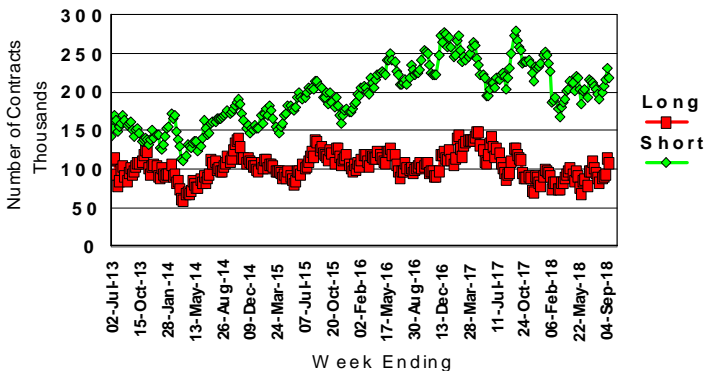
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-18	\$2.2260	-\$0.0020	\$0.0168
Nov-18	\$2.2306	-\$0.0015	\$0.0176
Dec-18	\$2.2355	-\$0.0009	\$0.0182
Jan-19	\$2.2388	-\$0.0011	\$0.0177
Feb-19	\$2.2371	-\$0.0008	\$0.0183
Mar-19	\$2.2303	\$0.0000	\$0.0188
Apr-19	\$2.2198	\$0.0007	\$0.0179
May-19	\$2.2140	\$0.0012	\$0.0166
Jun-19	\$2.2101	\$0.0016	\$0.0163
Jul-19	\$2.2130	\$0.0021	\$0.0160
Aug-19	\$2.2187	\$0.0026	\$0.0155
Sep-19	\$2.2261	\$0.0026	\$0.0147
Oct-19	\$2.2337	\$0.0027	\$0.0140
Nov-19	\$2.2411	\$0.0043	\$0.0154
Dec-19	\$2.2489	\$0.0056	\$0.0168
Jan-20	\$2.2548	\$0.0055	\$0.0155
Feb-20	\$2.2575	\$0.0055	\$0.0147

Sprague HeatCurve Oct 2018-April 2019		\$2.2331	
Other Front Month NYMEX	Close	Change	
Crude - WTI	Nov Brent- WTI Spread	\$70.7800	\$0.4600
Crude - Brent	WTI Spread	\$78.8000	\$0.1000
Natural Gas	\$8.02	\$2.9770	\$0.0010
Gasoline		\$2.0171	\$0.0025



Commitment of Traders Report for the Week Ending September 21, 2018

Producer/Merchant Heat Positons CFTC Commitment of Traders Report



Managed Money Heat Positons CFTC Commitment of Traders Report

