

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures fell on Thursday after the EIA reported a 2 million barrel increase in U.S. crude oil inventories, stemming six consecutive weeks of declines, and heightening concerns of an oversupplied market amid continued uncertainty surrounding the outlook for demand. Volume was light and the trading range narrow, as October WTI appears to be stabilizing below \$40. October WTI settled at \$37.30 a barrel, down 75 cents, or 2%, while Brent for November delivery fell 73 cents, or 1.8%, to settle at \$40.06 a barrel. Products fell as well, with October RBOB shedding 1.9% to \$1.10977 a gallon and October heating oil settling at \$1.0824 a gallon, down 2.1%.

Technical Analysis: The forward outlook for oil prices continues to look grim both from a fundamental and technical perspective. Demand is the number one concern as the coronavirus continues to spread across the globe, while Saudi Arabia looks to lower prices and the EIA, in its latest monthly report lowered its 2021 growth forecast for global consumption of petroleum and liquid fuel by 500,000 barrels per day from its August forecast, to 99.6 million barrels per day, even as it raised its 2020 forecast for WTI and Brent crude oil prices, natural gas prices, and U.S. crude production. The near term focus will be the upcoming September 17 market-monitoring meeting of OPEC and its allies, which trimmed supply cuts from earlier this year on hopes that demand would improve. What we may be seeing in this market is realignment between prices and weakening fundamentals. Technically speaking, prices haven't gone anywhere over the past 4 months and with WTI below \$40, and as we have previously mentioned, we feel more comfortable selling rallies rather than buying dips. We are below the 10 and 50-day moving averages, with the shorter term average below the longer term average. We would not reverse any short positions unless this market gets back above \$40 and would look to add shorts with breaks below \$35. Support below \$35 is seen at \$33 and below that at \$31.75. Resistance is set at \$39.57 and \$40.68, the 10 and 50-day moving averages respectively.

Fundamental News: The U.S. Energy Secretary said Wednesday the SPR storage site in West Hackberry, Louisiana sustained significant damage from taking a direct hit from Hurricane Laura last month. He noted the damages can be repaired and they would not threaten the SPR's ability to respond to any national oil supply emergency. Any such needs would be met from the other SPR sites.

An oil tanker is expected to start loading a 630,000 barrel crude cargo later this week from storage tanks at Libya's Es Sider port. Es Sider remains under force majeure due to a blockade by Eastern forces.

Platts analysts estimated that Iran sanctions relief under a change in the U.S. presidency could result in 1.5 million b/d of Iranian exports returning to the market within a year once a new deal is put in place by world powers.

According to a survey by S&P Global Platts, production by the participants in the latest OPEC+ production pact, increased their August crude oil combined production by 4% from July levels and reached 24.37 million b/d. Platts estimated that the group had a 97% compliance with its new quotas in the month. Many Middle Eastern members said the increase in production was necessary to meet higher electric generation needs for the month.

Libya's National Oil Corp said that an armed group entered the Sharara oil field on Sunday and exchanged fire with security and that one person was killed. The authorities are still investigating the incident. NOC also said the armed group refused to identify itself or the authority under which it was operating.

Early Market Call - as of 8:30 AM EDT

WTI - Oct \$37.01, down 29 cents

RBOB - Oct \$1.0841, down 1.36 cents

HO - Oct \$1.08, down 24 points

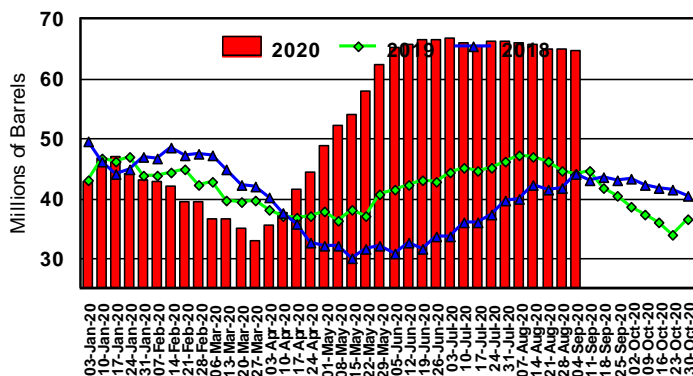
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Oct-20	1.0824	-0.0237	0.0853
Nov-20	1.0998	-0.0230	0.0892
Dec-20	1.1197	-0.0227	0.0913
Jan-21	1.1400	-0.0223	0.0930
Feb-21	1.1585	-0.0224	0.0939
Mar-21	1.1722	-0.0223	0.0948
Apr-21	1.1799	-0.0222	0.0949
May-21	1.1911	-0.0224	0.0944
Jun-21	1.2043	-0.0224	0.0929
Jul-21	1.2215	-0.0224	0.0920
Aug-21	1.2378	-0.0223	0.0914
Sep-21	1.2528	-0.0223	0.0906
Oct-21	1.2664	-0.0223	0.0898
Nov-21	1.2781	-0.0223	0.0893
Dec-21	1.2876	-0.0221	0.0887
Jan-22	1.2993	-0.0222	0.0879
Feb-22	1.3077	-0.0222	0.0869

Sprague Heat Weighted Strip October -April 20/2021			\$1.1396
		Close	Change
Crude - WTI	Nov Brent-	\$37.6600	-\$0.7500
Crude - Brent	WTI Spread	\$40.0600	-\$0.7300
Natural Gas	\$2.40	\$2.3230	-\$0.0830
Gasoline		\$1.0977	-\$0.0216

	04-Sep-20	28-Aug-20	Change	Year Ago
East	805	789	16	732
Midwest	953	924	29	853
Mountain	216	212	4	181
Pacific	308	304	4	275
South Central	1,243	1,225	18	955
Salt	335	331	4	198
Nonsalt	908	895	13	756
Total	3,525	3,455	70	2,997

Weekly EIA Petroleum Status Report for the Week Ending September 4, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 2.033 million barrels

Cushing, OK Crude Stocks Up 1.838 million barrels

Gasoline Stocks Down 2.954 million barrels

Distillate Stocks Down 1.675 million barrels

Refinery % Operated 71.8%, down 4.9%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Sep 4, 2020	Week Ending Aug 28, 2020	Week Ending Sep 5, 2019
New England	12.7	12.3	7.8
Central Atlantic	38.4	38.4	25.5
Total PADD #1	64.7	64.8	44.1
Distillate Imports (thousands b/d)	137	127	16