

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices slipped on Wednesday after Tropical Storm Gordon petered out as it hit the U.S. Gulf Coast, without leaving any damage to oil-producing infrastructure. With the storm being a non-event, refining operations resumed. This combined with heightened demand concerns in light of trade tensions between China and the U.S.; pushed October WTI to a low of \$68.59, 7 cents shy of \$68.52, the 50-day moving average. November Brent fell as much as 1.6%, touching just below \$77.01, the current 10-day moving average. Losses were slightly pared, with October WTI settling at \$68.72 a barrel, down \$1.15, or 1.65% and November Brent slipping 90 cents, or 1.15%, to settle at \$77.27 a barrel.

October RBOB fell 1.5% to \$1.965 a gallon, while October heating oil fell 0.9% to \$2.235 a gallon.

Fundamental News: Bloomberg estimated that US crude oil stocks held in Cushing, Oklahoma in the week ending August 31st increased by 600,000 barrels to 24.8 million barrels.

Genscape reported that crude inventories in western Canada increased for the fourth consecutive week, rising by 1.003 million barrels to 35.755 million barrels in the week ending August 24th.

The US Census Bureau reported that US crude oil exports fell to 2.139 million bpd in July from 2.2 million bpd in June. Exports to Canada were 420,000 bpd while exports to China were 384,000 bpd and exports to Korea were 226,000 bpd.

Energy companies and port operators in the US Gulf Coast took steps on Wednesday to resume operations after Tropical Storm Gordon shut more than 9% of the region's oil and gas output. The storm never became a hurricane and weakened into a depression on Wednesday after making landfall near the Alabama-Mississippi border. Companies shut in 315,992 barrels of crude and 500 million cubic feet of natural gas from Gulf output in the last two days. By Wednesday afternoon, Chevron said it started to restaff and restore production at its Petronius platform. Anadarko also said it plans to begin moving workers back to two offshore sites and will restart production as quickly as possible.

Saudi Arabia wants oil prices to remain between \$70 and \$80/barrel for now as the country strikes a balance between maximizing revenue and limiting a rise in prices until US congressional elections.

OPEC Secretary General, Mohammad Barkindo, said that world oil consumption would reach 100 million bpd later this year, much sooner than previously expected. He added that OPEC was exploring ways of further institutionalizing a declaration of cooperation. He said a priority is to ensure that oil market stability is sustainable and that investments return to the market. He also stated that he expects global trade disputes to impact energy demand eventually but is hopeful the "cloud of uncertainty" will lift soon.

Vice President of Russia's Lukoil, Leonid Fedun, said cooperation between Russia and OPEC should continue and include regular meetings with the Saudi Energy Minister since Saudi Arabia is a key member of the producer group. He also stated that Lukoil planned to increase its oil production by 1% this year from 2017 levels.

IIR Energy reported that US oil refiners are expected to shut in 257,000 bpd of capacity in the week ending September 7th, increasing available refining capacity by 406,000 bpd from the previous week. IIR expects offline capacity to increase to 589,000 bpd in the week ending September 14th.

Early Market Call - as of 8:25 AM EDT

WTI - Oct \$68.85, up 12 cents

RBOB - Oct \$1.9761, up 1.14 cents

HO - Oct \$2.2382, up 37 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-18	\$2.2345	-\$0.0202	-\$0.0143
Nov-18	\$2.2374	-\$0.0196	-\$0.0145
Dec-18	\$2.2393	-\$0.0190	-\$0.0135
Jan-19	\$2.2418	-\$0.0184	-\$0.0124
Feb-19	\$2.2376	-\$0.0182	-\$0.0117
Mar-19	\$2.2277	-\$0.0178	-\$0.0107
Apr-19	\$2.2128	-\$0.0169	-\$0.0089
May-19	\$2.2045	-\$0.0169	-\$0.0074
Jun-19	\$2.1992	-\$0.0158	-\$0.0059
Jul-19	\$2.2010	-\$0.0156	-\$0.0053
Aug-19	\$2.2061	-\$0.0154	-\$0.0043
Sep-19	\$2.2130	-\$0.0152	-\$0.0040
Oct-19	\$2.2196	-\$0.0152	-\$0.0034
Nov-19	\$2.2240	-\$0.0152	-\$0.0029
Dec-19	\$2.2298	-\$0.0138	-\$0.0037
Jan-20	\$2.2377	-\$0.0139	-\$0.0039
Feb-20	\$2.2411	-\$0.0139	-\$0.0041

Sprague HeatCurve Oct 2018-April 2019 \$2.2348

Other Front Month NYMEX		Close	Change
Crude - WTI	Nov Brent-	\$68.4200	-\$1.1400
Crude - Brent	WTI Spread	\$77.2700	-\$0.9000
Natural Gas	\$8.85	\$2.7950	-\$0.0280
Gasoline		\$1.9648	-\$0.0294

API Report for the Week Ending August 31, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Down 1.17 million barrels	Down 2.5 million barrels
Cushing, OK Crude Stocks	Up 631,000 barrels	Up 750,000 barrels
Gasoline Stocks	Up 1 million barrels	Down 1.5 million barrels
Distillate Stocks	Up 1.8 million barrels	Up 600,000 barrels
Refinery Runs	Up 198,000 bpd	Down 0.5% at 95.8%

NYMEX Oct-Nov WTI Spread

NYMEX Oct-Nov Heating Oil Spread

