

Market Commentary

Recap: Oil prices climbed higher on Wednesday, after the EIA report showed a 5.3 million barrel draw in U.S. crude oil inventories. October WTI rose above \$71.00 a barrel, while Brent closed in on \$80.20, the high for the year. The ascent in oil prices, which began early in the session, was accelerated by the inventory report, thereupon pushing prices as much as 1.6% higher on the move. October WTI peaked the session at \$71.26 a barrel before paring gains to settle at \$70.32, up \$1.12, or 1.62%. Brent for November delivery added 68 cents, or 0.86%, settling at \$79.74 a barrel.

The fundamental scenario for oil is shifting more toward the supportive side, given the pending U.S. sanctions against Iran, and dwindling spare capacity from the likes of Saudi Arabia. These factors, combined with the arrival of peak hurricane season should continue to provide near term support.

October RBOB rose 1%, to settle at \$2.035 a gallon, while October heating oil tacked on almost 0.3% to settle at \$2.258 a gallon.

Fundamental News: The EIA reported that US Midwest crude oil inventories fell to 105.9 million barrels in the week ending September 7th, the lowest weekly level since January 2015.

In its monthly report, OPEC further cut its forecast for 2019 global oil demand growth and said the risk to the economic outlook was skewed to the downside. OPEC said world oil demand next year would increase by 1.41 million bpd, 20,000 bpd less than last month and the second consecutive reduction in the forecast. OPEC also stated that oil output from its 15 members increased in August by 278,000 bpd to 32.56 million bpd following June's agreement to ease a supply-cutting deal. OPEC said the world will need 32.05 million bpd from its 15 members in 2019, unchanged from last month. This suggests there will be a 500,000 bpd surplus in the market should OPEC keep pumping the same amount and other things remain equal. OPEC said it expects non-OPEC production to expand by 2.15 million bpd next year, 20,000 bpd more than forecast last month.

Russia's Energy Minister, Alexander Novak, warned of the impact of US sanctions imposed against Iran. He said global oil markets were fragile due to geopolitical risks and supply disruptions.

Iran's Parliament Speaker, Ali Larijani, said Iran has between 3,000 and 4,000 active centrifuges, still within the limit allowed under its nuclear agreement with world powers. The nuclear agreement allows Iran to operate up to 5,060 first-generation centrifuges for 10 years at its Natanz plant and 1,044 first-generation centrifuges at its underground Fordow enrichment plant.

The expected resumption in production at the UK's North Sea Buzzard oilfield did not take place on Tuesday evening due to adverse weather conditions. The oilfield was initially due to restart over the weekend after planned maintenance that began in early September. Workers are hoping to restart operations on Wednesday evening. The Buzzard oilfield normally pumps about 150,000 bpd.

IIR Energy reported that US oil refiners are expected to shut in 471,000 bpd of capacity in the week ending September 14th, cutting available refining capacity by 195,000 bpd from the previous week. IIR expects offline capacity to increase to 949,000 bpd in the week ending September 21st.

Early Market Call - as of 8:00 AM EDT

WTI - Oct \$69.45, down 92 cents

RBOB - Oct \$2.0241, down 1.08 cents

HO - Oct \$2.2516, down 62 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-18	\$2.2577	\$0.0057	\$0.0232
Nov-18	\$2.2610	\$0.0060	\$0.0236
Dec-18	\$2.2637	\$0.0071	\$0.0244
Jan-19	\$2.2666	\$0.0083	\$0.0248
Feb-19	\$2.2639	\$0.0097	\$0.0263
Mar-19	\$2.2562	\$0.0112	\$0.0285
Apr-19	\$2.2460	\$0.0130	\$0.0332
May-19	\$2.2419	\$0.0140	\$0.0374
Jun-19	\$2.2388	\$0.0140	\$0.0396
Jul-19	\$2.2418	\$0.0144	\$0.0408
Aug-19	\$2.2474	\$0.0149	\$0.0413
Sep-19	\$2.2546	\$0.0154	\$0.0416
Oct-19	\$2.2619	\$0.0159	\$0.0423
Nov-19	\$2.2664	\$0.0159	\$0.0424
Dec-19	\$2.2716	\$0.0175	\$0.0418
Jan-20	\$2.2785	\$0.0174	\$0.0408
Feb-20	\$2.2815	\$0.0172	\$0.0404

Sprague HeatCurve Oct 2018-April 2019		\$2.2609	
Other Front Month NYMEX		Close	Change
Crude - WTI	Nov Brent- WTI Spread	\$70.1600	\$1.1200
Crude - Brent		\$79.7400	\$0.6800
Natural Gas	\$9.58	\$2.8290	\$0.0010
Gasoline		\$2.0348	\$0.0206

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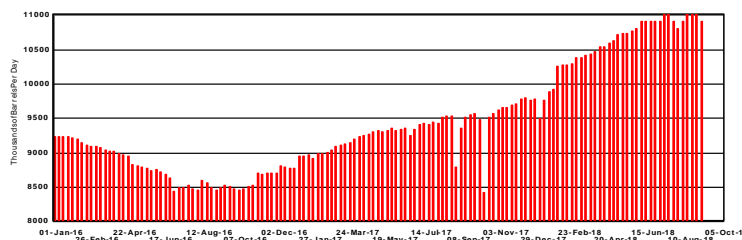
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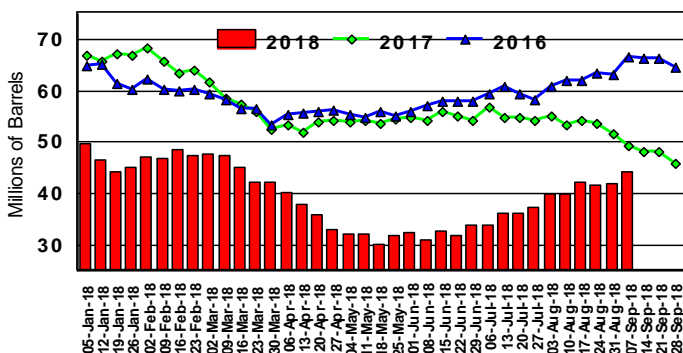
U.S. Domestic Crude Production



EIA Weekly Petroleum Status Report for the Week Ending September 7, 2018

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 5.296 million barrels

Cushing, OK Crude Stocks Down 1.242 million barrels

Gasoline Stocks Up 1.25 million barrels

Distillate Stocks Up 6.163 million barrels

Refinery % Operated 97.6%, Up 1%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Sep 7, 2018	Week Ending Aug 31, 2018	Week Ending Sep 8, 2017
New England	6.1	6.3	9.1
Central Atlantic	25.6	24.1	28.6
Total PADD #1	44.1	41.7	49.2
Distillate Imports (thousands b/d)	35	178	63