



MarketWatch | Refined Products

Monday October 22, 2018

Market Commentary

Recap: Despite oil prices rising on Friday, they posted their second straight week of losses, as forecasts for forward demand were lowered, and as U.S. crude oil inventories climbed. Adding to the week's losses was the ongoing trade war between China and the U.S., which is expected to restrain economic growth. Reports of rising refinery utilization in China helped to prop up prices, as traders squared books before the weekend. This week's sell-off in oil prices pushed spot month WTI to its largest discount to the nearby contract in almost a year. The November futures contract traded as much as 17 cents per barrel lower than that of the December contract. This was the widest discount since November of 2017. November WTI rose as much as 1.5% before paring gains for a settlement at \$69.12 a barrel, up 47 cents, or 0.7% but closing 3.1% lower on the week. Brent for December delivery settled at \$79.78 a barrel, up 49 cents, or 0.62%, for a weekly loss of 0.6%. November RBOB gained 2.28 cents, to settle at \$1.9139 a gallon, for a weekly loss of 1.4%, while November heating oil finished up 71 points, to settle at \$2.3020, for a weekly loss of 0.8%. According to the U.S. Commodity Futures and Trading Commission, money managers sliced their net long futures and options positions in the WTI contract in New York and London by 37,080 contracts to 259,375 during the week ending October 16.

Technical Analysis

WTI remains below the 50-day moving average currently set at \$70.08, sustaining this average's stance as a level of resistance. With moving oscillators set high but crossing to the downside, we expect prices to trade lower at the onset of the week. Support is set at \$67.10 and \$66.57. Resistance is set at \$70.08 and \$71.74.

Fundamental News: Reuters reported Friday that an internal document prepared by OPEC's staff for a technical panel meeting on Friday showed that OPEC members, excluding Nigeria, Libya and Congo pumped an extra 428,000 b/d in September compared to May. The research report showed that non-OPEC producers cooperating with OPEC pumped an extra 296,000 b/d since the producers had agreed to increase production.

Baker Hughes reported Friday that on the week the number of oil drilling rigs working in the United States stood at 873 rigs, up 4 from the previous week.

Reuters reported that the international fallout from the disappearance of Saudi journalist Khashoggi has been so intense that Saudi King Salman has felt compelled to intervene. Reuters reported that according to five sources the Saudi king has been "asserting himself" in managing the affair. This comes at a time when according to sources, there has been a growing disquiet among some members of the royal court about the crown prince's fitness to govern.

Eurostock reported total refinery operations in the European Union declined by 349,000 b/d in September from August, and was some 101,000 b/d less than a year ago. Gasoline production declined by just 34,000 barrels in September from August, while middle distillate output posted the largest decline of 246,000 b/d versus August levels.

Oil Tankers Movement estimates OPEC oil shipments will rise by 170,000 b/d to 25.22 million b/d in the four week period to November 3rd compared to the period ending October 27th.

Early Market Call - as of 8:58 AM EDT

WTI - Nov \$68.87 down 25 cents

RBOB - Nov \$1.8980 down 1.59 cents

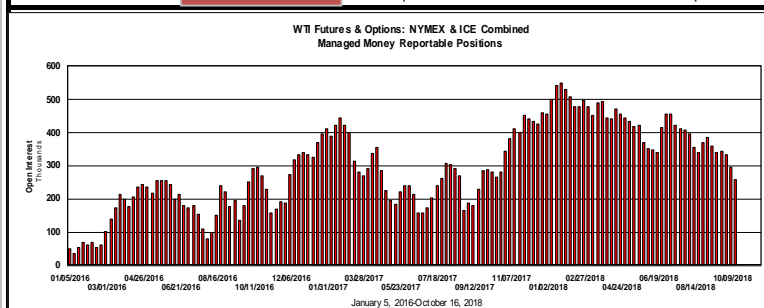
HO - Nov \$2.3052 up 32 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-18	\$2.3020	\$0.0071	-\$0.0193
Dec-18	\$2.3027	\$0.0063	-\$0.0205
Jan-19	\$2.3040	\$0.0060	-\$0.0209
Feb-19	\$2.3019	\$0.0063	-\$0.0198
Mar-19	\$2.2967	\$0.0067	-\$0.0183
Apr-19	\$2.2871	\$0.0076	-\$0.0171
May-19	\$2.2820	\$0.0083	-\$0.0168
Jun-19	\$2.2789	\$0.0086	-\$0.0173
Jul-19	\$2.2827	\$0.0088	-\$0.0176
Aug-19	\$2.2875	\$0.0086	-\$0.0175
Sep-19	\$2.2935	\$0.0083	-\$0.0170
Oct-19	\$2.2994	\$0.0078	-\$0.0162
Nov-19	\$2.3047	\$0.0071	-\$0.0154
Dec-19	\$2.3087	\$0.0063	-\$0.0158
Jan-20	\$2.3103	\$0.0065	-\$0.0155
Feb-20	\$2.3028	\$0.0065	-\$0.0163
Mar-20	\$2.2911	\$0.0065	-\$0.0185

Sprague Heat Curve Nov-March \$2.3017

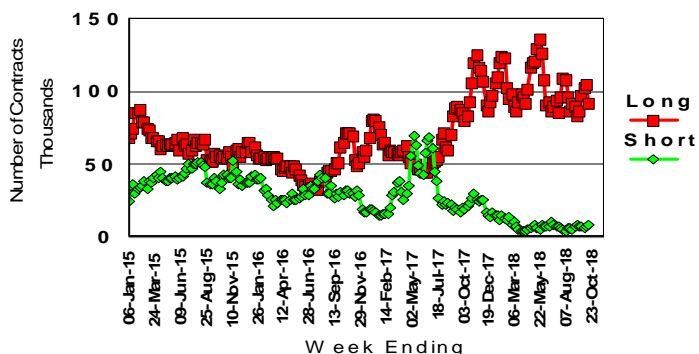
Other Front Month NYMEX		Close	Change
Crude - WTI	Dec Brent-	\$69.2800	\$0.5700
Crude - Brent	WTI Spread	\$79.7800	\$0.4900
Natural Gas	\$10.50	\$3.2500	\$0.0520
Gasoline		\$1.9139	\$0.0228



Commitment of Traders Report for the Week Ending October 16, 2018

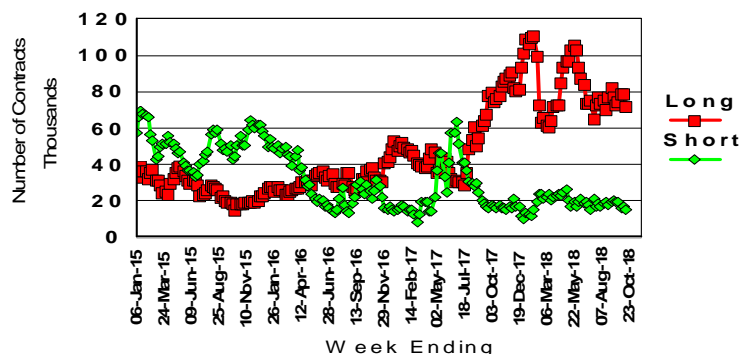
Managed Money RBOB Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

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