

Market Commentary

Recap: Oil traders squared positions ahead of the API report and Wednesday's meeting between OPEC and its allies, pushing oil futures lower on Tuesday. However, traders were placing bets that the products will outperform crude oil, taking both gasoline and heating oil futures higher. September WTI erased moderate losses to finish the session at \$42.89 a barrel, unchanged on the day, while October Brent tacked on 9 cents, to close at \$45.56 a barrel. September RBOB rose 1.3 cents, or 1%, to settle at \$1.283 a gallon, while September heating oil gained 2.13 cents, or 1.7%, to finish at \$1.2604 a gallon.

Market Outlook:

Trading was lackluster, with oil prices continuing to trend sideways. This market is still quite choppy, making it difficult to hold onto positions for any great length. We would look for more of the same, with traders going in and out of this market as the look to make a quick profit. The near term upside target is \$43.68, with breaks above this level leading to a push toward \$45. To the downside support rests at \$41.33 and below that at \$39.

Fundamental News:

Russia's Energy Minister, Alexander Novak, will join an OPEC+ ministers' video meeting on Wednesday despite testing positive for the novel coronavirus while on a work trip in Russia's far east. OPEC+ producers are set to review adherence to their production pact on oil output cuts at Wednesday's meeting against the backdrop of a slow recovery in demand. Compliance with OPEC+ oil output cuts was 95-97% in July, according to OPEC+ sources and a draft report.

China's build-up of crude oil inventories this year slowed somewhat in July, but remained elevated by historical standards as imports stayed near record levels. China does not disclose flows into the nation's Strategic Petroleum Reserve (SPR) or commercial storage tanks, but an estimation can be made by deducting the amount of crude processed from the total amount of crude available from imports and domestic output. China's crude imports in July were 12.08 million bpd, while domestic output was 3.88 million bpd, giving total available crude of 15.96 million bpd. Refinery throughput was 59.56 million tons, the highest for a single month, although in barrel-per-day terms the 14.03 million bpd in July was just below the record 14.08 million bpd achieved in June. Subtracting the July refinery throughput from the total available crude leaves a gap of 1.92 million bpd, which likely flowed either to commercial storage or the SPR. This is down from the 2.77 million bpd gap seen in June, but is in line with the average of 1.95 million bpd for the first seven months of the year. This is more than double the flows into storage seen in the first seven months of 2019, when there was a gap of 940,000 bpd between total available crude and refinery processing.

Azerbaijan's Energy Ministry reported that BP's output at its projects in Azerbaijan stood at 14 million tons in the first seven months of the year.

The Chief Executive of RN-Sakhalinmorneftegaz, a unit of Russia's largest oil producer Rosneft, Igor Sechin, told President Vladimir Putin that the company will take one and a half to two years to return to its usual output levels. The subsidiary, whose output was limited last month as part of OPEC+ production cuts, produced 1.2 million tons of oil and 400 million cubic meters of gas last year.

Early Market Call - as of 8:28 AM EDT

WTI - Sep \$42.69 down 43 cents
 RBOB - Sep \$1.1935 down 2.64 cents
 HO - Sep \$1.2429 down 1.75 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-20	1.2604	0.0213	-0.0220
Oct-20	1.2825	0.0182	-0.0225
Nov-20	1.3043	0.0167	-0.0236
Dec-20	1.3242	0.0158	-0.0239
Jan-21	1.3426	0.0151	-0.0239
Feb-21	1.3576	0.0146	-0.0242
Mar-21	1.3671	0.0144	-0.0244
Apr-21	1.3714	0.0145	-0.0242
May-21	1.3788	0.0145	-0.0242
Jun-21	1.3886	0.0140	-0.0251
Jul-21	1.4032	0.0135	-0.0259
Aug-21	1.4169	0.0129	-0.0266
Sep-21	1.4296	0.0123	-0.0272
Oct-21	1.4410	0.0119	-0.0277
Nov-21	1.4511	0.0114	-0.0277
Dec-21	1.4589	0.0110	-0.0278
Jan-22	1.4695	0.0107	-0.0286

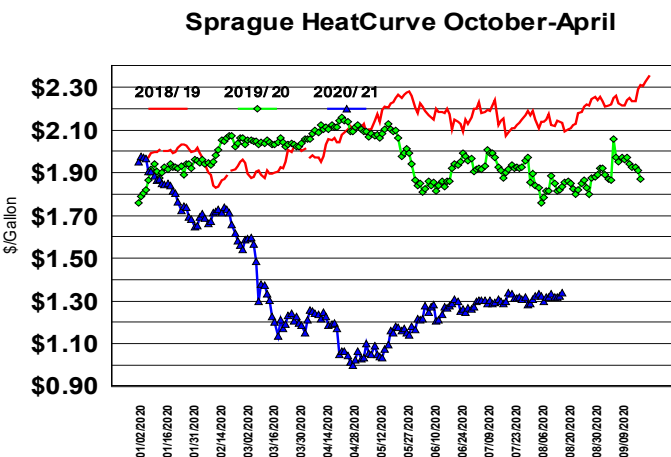
Sprague Heat Weighted Strip October -April 20/2021 \$1.3398

		Close	Change
Crude - WTI	Sep Brent- WTI Spread \$2.34	\$43.1200	-\$0.0500
Crude - Brent		\$45.4600	\$0.0900
Natural Gas		\$2.4170	\$0.0780
Gasoline		\$1.2830	\$0.0130

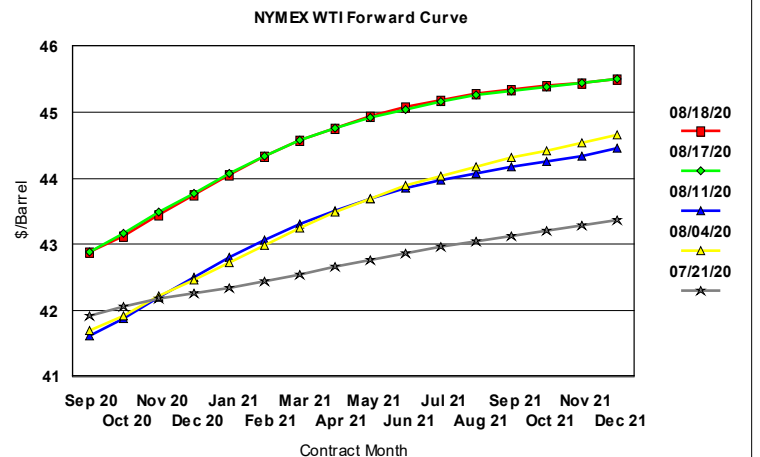
API Report for the Week Ending August 14, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 4.3 million barrels	Down 2.7 million barrels
Cushing, OK Crude Stocks	Down 599,000 barrels	Up 62,000 barrels
Gasoline Stocks	Up 5 million barrels	Down 1.1 million barrels
Distillate Stocks	Down 964,000 barrels	Down 600,000 barrels
Refinery Runs	Up 148,000 bpd	Up 0.3%
Crude Imports	Up 139,000 bpd	

Sprague HeatCurve October-April



WTI Forward Curve



This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.