

Market Commentary

Recap: Oil prices pulled back for the second straight session on Wednesday as traders reacted to reports that Saudi Arabia had already restored 50% of lost production since the drone attack on Saturday, and that full production was expected to be restored by the end of September. WTI for October delivery lost \$1.32, or 2.2%, to \$58.02 a barrel, after shedding 5.7% on Tuesday. On Monday, it posted the largest daily gain for the most-active contract since Sept. 22, 2008 and finished at its highest level since May, November Brent shed \$1.06, or 1.6%, to \$63.49 a barrel, after sinking 6.5%, following the 14.6% rise on Monday, the sharpest percentage gain on record dating back to 1988. Despite the release of the U.S. inventory report, trading subdued in comparison to the past two sessions, as investors were awaiting the Fed decision on interest rates. October WTI settled at \$58.11, down \$1.23, or 2.07%. Brent for November delivery settled at \$63.60 a barrel, down 95 cents, or 1.47%. October RBOB settled at \$1.6577 a gallon, down 1.74 cents, while October heating oil settled at \$1.9733 a gallon, down 1.63 cents.

Technical Analysis: The major pullback in WTI continued, with the October contract dipping back below \$59.04, support set by the long standing downward trend line, as it further closed the gap set during Monday's trading session. As most gaps are filled, it appears that we will see a retracement back to \$55.68, the bottom of the gap, but we would not discount feeble attempts to try and take this market higher. It is on these attempts that we would look to be sellers. Support is set at \$57.33, the 10-day moving average and below that at \$55.68. To the upside, resistance is set at \$58.96 and \$59.43.

Fundamental News: US President, Donald Trump, said he ordered Treasury Secretary, Steven Mnuchin, to substantially increase sanctions imposed on Iran.

Saudi Arabia's Crown Prince, Mohammed bin Salman, said the attack on the country's oil infrastructure posed a "real test of the global will" to confront subversive acts that threaten international stability.

Saudi Arabia displayed remnants of what it described as Iranian drones and cruise missiles used in an attack on Saudi oil facilities as "undeniable" evidence of Iranian aggression. Saudi Arabia's Defense Ministry spokesman Colonel Turki al-Malki said a total of 25 drones and missiles were launched at two oil plants in last weekend's strikes, including what he identified as Iranian Delta Wing unmanned aerial vehicles and "Ya Ali" cruise missiles. He said the missiles have been used by Iran's Revolutionary Guards.

The EIA reported that US crude stocks in Cushing, Oklahoma fell for the 11th consecutive week, the most since August 2018. Midwest crude stocks fell for the 13th consecutive week, falling by 2.1 million barrels to 122.2 million barrels.

According to the Joint Organizations Data Initiative, Saudi Arabia's crude oil exports in July increased by 6.88 million bpd from 6.72 million bpd in June. The country's crude production fell by 202,000 bpd to 9.58 million bpd in July, its lowest level since March 2014. At the end of July, Saudi Arabia reported domestic crude stocks of 180 million barrels.

The head of the IEA, Fatih Birol, said the agency currently does not see a need to release emergency oil stocks following a weekend attack on Saudi Arabia's oil facilities. He said IEA member countries hold about 1.55 billion barrels of emergency stocks in government-controlled agencies, which amount to 15 days of total world oil demand.

IIR Energy reported that US oil refiners are expected to shut in 1.07 million bpd of capacity in the week ending September 20th, cutting available refining capacity by 30,000 bpd from the previous week.

Early Market Call - as of 9:10 AM EDT

WTI - Oct \$58.94, up 82 cents

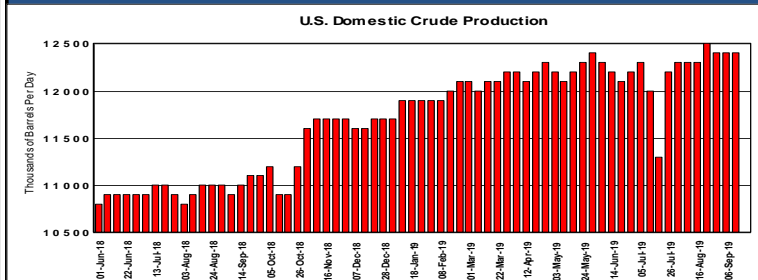
RBOB - Oct \$1.6993, up 4.1 cents

HO - Oct \$2.0142, up 4.07 cents

All NYMEX | Prior Settlements

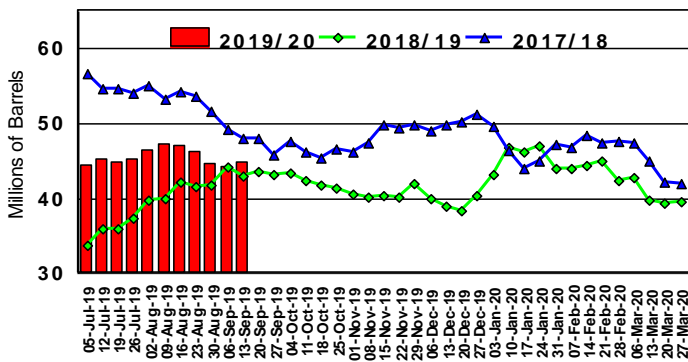
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-19	1.9733	-0.0163	0.0701
Nov-19	1.9706	-0.0183	0.0672
Dec-19	1.9651	-0.0195	0.0630
Jan-20	1.9578	-0.0208	0.0579
Feb-20	1.9461	-0.0227	0.0543
Mar-20	1.9285	-0.0246	0.0504
Apr-20	1.9079	-0.0249	0.0461
May-20	1.8936	-0.0241	0.0423
Jun-20	1.8812	-0.0230	0.0374
Jul-20	1.8762	-0.0223	0.0324
Aug-20	1.8731	-0.0218	0.0281
Sep-20	1.8716	-0.0212	0.0249
Oct-20	1.8712	-0.0204	0.0231
Nov-20	1.8725	-0.0199	0.0231
Dec-20	1.8735	-0.0192	0.0234
Jan-21	1.8747	-0.0185	0.0227
Feb-21	1.8684	-0.0178	0.0212

Sprague HeatCurve Oct 2019-Apr 2020		\$1.9506
Other Front Month NYMEX		Close
Crude - WTI	Nov Brent- WTI Spread	\$58.0400
Crude - Brent		\$63.6000
Natural Gas	\$5.56	\$2.6370
Gasoline		\$1.6577



Weekly EIA Petroleum Status Report for the Week Ending September 13, 2019

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.058 million barrels

Cushing, OK Crude Stocks Down 647,000 barrels

Gasoline Stocks Up 781,000 barrels

Distillate Stocks Up 437,000 barrels

Refinery % Operated 91.2%, down 3.9%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Sep 13, 2019	Week Ending Sep 6, 2019	Week Ending Sep 14, 2018
New England	7.8	7.8	6.4
Central Atlantic	24.5	25.5	25.2
Total PADD #1	44.7	44.1	43.0
Distillate Imports (thousands b/d)	122	16	113