

Market Commentary

Recap: Oil prices rose to their highest level in over a month, with WTI breaking above \$70.00 a barrel for the first time since July 11th and Brent breaching \$78.00 a barrel in as much time. The climb that began in mid- August continues to gain support from the prospect of renewed U.S. sanctions against Iran and after the bullish EIA report this week. The jump in WTI above \$70.00 sparked a fresh round of buying, which took this spot contract to a high of \$70.50. Gains were pared as the settlement period approached, pushing October WTI to a settlement of \$70.25 a barrel, up 74 cents, or 1.06%. October Brent tacked on 63 cents, or 0.82 cents, to settle at \$77.77 a barrel. September RBOB added 1.8% to nearly \$2.144 a gallon and September heating oil added 0.3% to \$2.248 a gallon. The September contracts expire at Friday's settlement.

The 10-day moving average is closing in on the 50-day moving average. A cross of this shorter term average will prompt technical buying, which could push WTI toward resistance set at \$71.05. Above this level, additional resistance is set at \$72.15. Support is set at \$69.28 and below that at \$68.34.

Fundamental News: A top Iranian military official said that Iran will halt Middle East exports if it is not allowed to ship its crude through the Strait of Hormuz. He said if Iran cannot use the Strait for its oil exports, there will be no security for others either and no other crude will be exported from the region.

According to the UN's IAEA, Iran has stayed within the main restrictions on its nuclear activities imposed by a 2015 deal with major powers. In its last report in May, the IAEA said Iran could do more to cooperate with inspectors and thereby enhance confidence but stopped short of saying Iran had given it cause for concern. Thursday's report to member states contained similar language.

The Acting Director General of Iraq's Oil Marketing Co, Alaa Al-Yasiri, said Iraq needs to increase crude exports and added that the country is ready to ship more as soon as OPEC agrees how members will share a collective increase. Exports in August will total about 3.595 million bpd.

Hellenic Petroleum has stopped buying Iranian crude oil since June 2018 after the US imposed sanctions on Iran. Hellenic secured supply for refineries by purchasing oil from other sources.

Russia's oil production averaged 11.208 million bpd in the period of August 1-29. In July, Russia's average oil production stood at 11.21 million bpd, up from 11.06 million bpd in June.

Gasoline stocks independently held in the Amsterdam-Rotterdam-Antwerp refining and storage hub in the week ending August 30th fell by 1.94% on the week and by 16.17% on the year to 757,000 tons. Gasoil stocks fell by 5.57% on the week and by 10.68% on the year to 2.441 million tons while its fuel oil stocks fell by 7.05% on the week and by 62.39% on the year to 1.028 million tons. Naphtha stocks fell by 18.24% on the week and by 12.54% on the year to 251,000 tons while its jet fuel stocks increased by 4.64% on the week and by 18.36% on the year to 677,000 tons.

Japan's Ministry of Finance reported that the country's crude imports in July fell by 10.2% on the year to 2.9 million bpd.

JBC Energy said further widening in the Brent-WTI spread is likely towards the fourth quarter as US/Canada crude supplies increase and the Brent market tightens.

Early Market Call - as of 8:45 AM EDT

WTI - Oct \$70.01, down 24 cents

RBOB - Sep \$2.0063, down 26 points

HO - Sep \$2.2449, down 93 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-18	\$2.2483	\$0.0062	\$0.0729
Oct-18	\$2.2544	\$0.0056	\$0.0737
Nov-18	\$2.2576	\$0.0057	\$0.0732
Dec-18	\$2.2594	\$0.0066	\$0.0731
Jan-19	\$2.2610	\$0.0068	\$0.0720
Feb-19	\$2.2562	\$0.0069	\$0.0698
Mar-19	\$2.2458	\$0.0074	\$0.0670
Apr-19	\$2.2303	\$0.0086	\$0.0655
May-19	\$2.2216	\$0.0097	\$0.0644
Jun-19	\$2.2156	\$0.0105	\$0.0642
Jul-19	\$2.2172	\$0.0109	\$0.0630
Aug-19	\$2.2216	\$0.0112	\$0.0619
Sep-19	\$2.2282	\$0.0112	\$0.0603
Oct-19	\$2.2344	\$0.0114	\$0.0599
Nov-19	\$2.2384	\$0.0115	\$0.0587
Dec-19	\$2.2439	\$0.0104	\$0.0587
Jan-20	\$2.2520	\$0.0104	\$0.0564

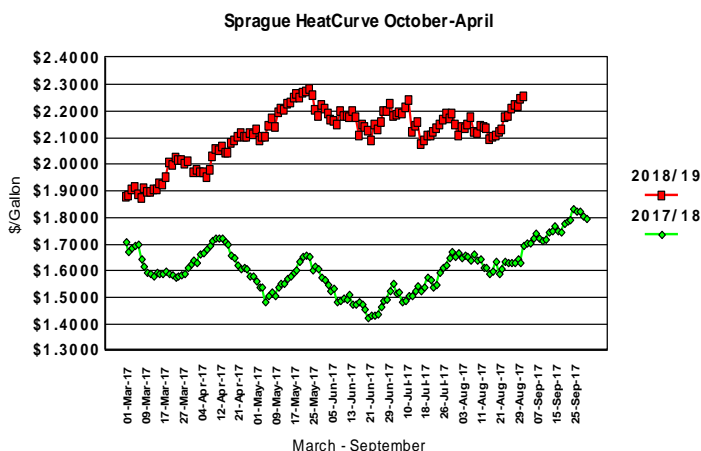
Sprague HeatCurve Oct 2018-April 2019

Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent-	\$70.2500	\$0.7400
Crude - Brent	WTI Spread	\$77.7700	\$0.6300
Natural Gas	\$7.52	\$2.8740	\$0.0110
Gasoline		\$2.1435	\$0.0375

EIA Natural Gas Storage Report

	24-Aug-18	17-Aug-18	Change	Year Ago
East	640	613	27	746
Midwest	667	632	35	837
Mountain	157	153	4	205
Pacific	241	239	2	300
South Central	800	798	2	1,062
Salt	183	185	-2	264
Nonsalt	617	613	4	797
Total	2,505	2,435	70	3,151

Sprague HeatCurve Winter 2018/19



ICE October WTI-Brent Spread

