

Market Commentary

Recap: Oil prices rebounded on Thursday, with November Brent reaching \$82.42 a barrel, a fresh four-year high, while November WTI climbed back above \$72.00 a barrel. In what was a moderately traded session, oil prices climbed in overnight trading, but as the dollar strengthened, drifted lower. November Brent dipped back below the \$82.00 mark, to settle at \$81.72 a barrel, up 38 cents, or up 0.47%. November WTI fell below \$72.00, but regained traction to settle at \$72.12 a barrel, up 55 cents, or 0.77%. October RBOB rose 1.2% to settle at \$2.082 a gallon, while October heating oil gained 1% to settle at \$2.323 a gallon

Technical Analysis

Technical traders remain on the bull band wagon and will continue to do so as long as WTI remains above \$71.00. Moving oscillators continue to support higher prices and are not showing signs that this market is running out of steam. Resistance is set at \$73.23 and \$74.25. Support is set at \$71.14 and \$70.63.

Fundamental News: Reuters reported this morning that Saudi Arabia will quietly add extra oil to the market over the next couple of months to offset an expected drop in Iranian production but is worried it might need to limit output next year to balance global supply and demand as the United States crude production is expected to jump once again. According to trade sources, Saudi Arabia and other producers recently discussed a possible formal production increase of about 500,000 b/d but deferred a decision for fear of unsettling relations among OPEC+ alliance producers. The Saudis felt if future production cuts would be needed it would be difficult to quickly move to accomplish this. In addition the full impact on sanctions of future Iranian production is still uncertain.

Reuters reported that according to a trade source Saudi Aramco will bring new crude output capacity of some 550,000 b/d online in the fourth quarter from two fields, Khurais and Manifa, giving it the ability to boost production if there is demand. Saudi Aramco though declined to comment on the report.

Citibank in a research note warned that Brent crude oil prices may slip below \$80.00 per barrel as demand ebbs. They are looking for oil demand and refinery runs to fall this autumn. While 1.5 million b/d of Iranian supply is at risk during 4Q2018, high prices and a slowing global economy could curb demand growth by 500,000 b/d next year.

Reuters reported Thursday that Nigeria's exports will reach their highest level in six months in November, reaching 1.876 million barrels per day, up from October's exports of 1.652 million b/d. Exports in November are expected to be 17% higher than a year ago.

Iran's Foreign Affairs Minister said today that India is committed to continuing economic cooperation and the import of oil from Iran.

Early Market Call - as of 9:40 AM EDT

WTI - Nov \$72.17, up 5 cents
 RBOB - Oct \$2.0931, up 1.07 cents
 HO - Oct \$2.3272 up 41 points

All NYMEX | Prior Settlements

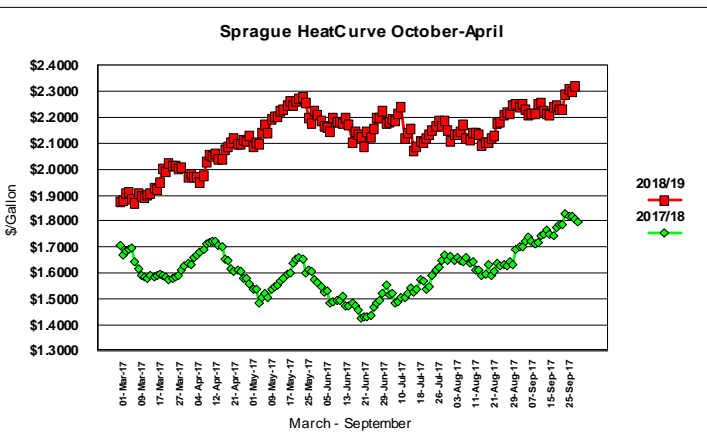
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-18	\$2.3231	\$0.0233	\$0.0951
Nov-18	\$2.3260	\$0.0223	\$0.0939
Dec-18	\$2.3295	\$0.0219	\$0.0931
Jan-19	\$2.3320	\$0.0216	\$0.0921
Feb-19	\$2.3284	\$0.0209	\$0.0905
Mar-19	\$2.3199	\$0.0202	\$0.0896
Apr-19	\$2.3082	\$0.0199	\$0.0891
May-19	\$2.2999	\$0.0197	\$0.0871
Jun-19	\$2.2934	\$0.0194	\$0.0849
Jul-19	\$2.2944	\$0.0191	\$0.0835
Aug-19	\$2.2980	\$0.0188	\$0.0819
Sep-19	\$2.3037	\$0.0185	\$0.0802
Oct-19	\$2.3091	\$0.0180	\$0.0781
Nov-19	\$2.3135	\$0.0175	\$0.0767
Dec-19	\$2.3177	\$0.0169	\$0.0744
Jan-20	\$2.3202	\$0.0169	\$0.0709
Feb-20	\$2.3172	\$0.0161	\$0.0652

Sprague HeatCurve Oct 2018-April 2019		\$2.3256
Other Front Month NYMEX	Close	Change
Crude - WTI	Nov Brent- \$72.1200	\$0.5500
Crude - Brent	WTI Spread \$81.7200	\$0.3800
Natural Gas	\$9.60 \$3.0560	\$0.0760
Gasoline	\$2.0824	\$0.0239

EIA Natural Gas Storage Report

	EIA Weekly Report			
	21-Sep-18	14-Sep-18	Change	Year Ago
East	729	709	20	846
Midwest	800	770	30	960
Mountain	173	170	3	216
Pacific	259	255	4	306
South Central	807	818	-11	1,129
Salt	173	184	-11	305
Nonsalt	634	635	-1	824
Total	2,768	2,722	46	3,458

Sprague HeatCurve Winter 2018/19



ICE November WTI-Brent Spread

