

Market Commentary

Recap: Oil prices fell on Wednesday after the EIA reported a 2.4 million barrel build in U.S. crude oil inventories. Analysts had expected a decline of 190,000 barrels. November WTI, which was already trading \$1.74, or 3% lower on the day, slipped an additional 36 cents to hit a session low of \$55.55, filling the gap created at the onset of last week's trading session. With the gap being filled, technical traders stepped in to take profits, thereby paring losses. November WTI settled at \$56.47 a barrel, down 80 cents, or 1.40%, while November Brent settled at \$62.39 a barrel, down 71 cents, or 1.13%. October RBOB fell 1.8% to \$1.6252 a gallon, while October heating oil declined by 0.7% at \$1.9539 a gallon.

Technical Analysis: Wednesday's sell-off filled the gap in WTI, while briefly pushing the November contract through \$56.45 and \$56.06, the 200 and 50-day moving averages. For the near-term, we would expect the \$55.00 level to provide a level of support, as it had previously been an area of contention. Below this level, additional support is set at \$53.70. to the upside, resistance is set at \$57.75 and above that at \$58.66.

Fundamental News: Saudi Arabia has restored its oil production capacity to 11.3 million bpd earlier than previously expected. Sources stated that crude output from the Khurais field is currently 1.3 million bpd and the Abqaiq plant is currently at 4.9 million bpd. On Monday, sources stated that Abqaiq production was about 3 million bpd.

Platts reported that Saudi Arabia's demand for refined product imports increased as it looks to meet its requirements in the wake of attacks on its key oil infrastructure. Saudi Aramco's trading arm has already bought diesel cargoes from refiners in India and the UAE. The company was also actively looking to purchase jet fuel and naphtha. A Middle East-based trading source said the Saudis are trying to buy oil products discreetly, without causing distress signals.

US President, Donald Trump, said that a deal to end a trade war with China could happen sooner than people think. He made his comments a day after delivering a speech criticizing China's trade practices at the UN General Assembly, saying he would not accept a "bad deal" in US-China trade negotiations. Separately, President Trump said the US and Japan reached a trade deal, with the first phase of a US-Japan trade deal opening markets to \$7 billion of US products. He said they reached a deal on commitment for \$40 billion of digital trade. He also stated that the US will have more comprehensive deals with Japan in the near future. Meanwhile, Japan's Prime Minister, Shinzo Abe, said the new agreement covers industrial, agricultural and digital trade.

Saudi Arabia's Minister of State for Foreign Affairs, Adel al-Jubeir, said the country is in consultation "with friends and allies about the next steps to take" following the attacks on its oil facilities, but is waiting for the findings of an investigation.

Iran's President, Hassan Rouhani, warned world leaders on Wednesday that the Gulf region is "on edge of collapse, as a single blunder can fuel a big fire." He stated "we shall not tolerate the provocative intervention of foreigners. We shall respond decisively and strongly to any sort of transgression to and violation of our security and territorial integrity."

Iran's English-language Press TV reported that an Iranian government official stated that Iran was offering to agree to enhanced inspections of its nuclear program, if the US Congress ratifies the 2015 nuclear deal and US lifts all sanctions.

IIR Energy reported that US refiners are expected to shut in 1.39 million bpd of capacity in the week ending September 27th, cutting available refining capacity by 79,000 bpd on the week. Offline capacity is expected to fall to 1.31 million bpd in the week ending October 4th.

Early Market Call - as of 8:20 AM EDT

WTI - Nov \$56.46, down 3 cents

RBOB - Oct \$1.6337, up 73 points

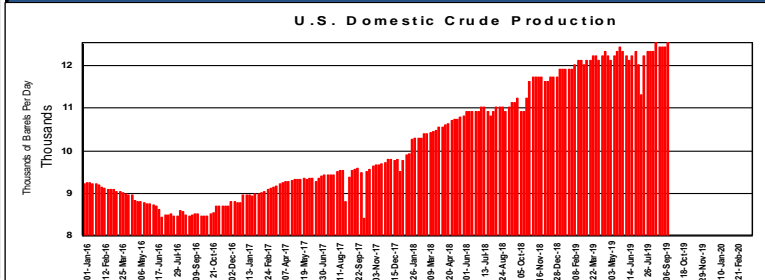
HO - Oct \$1.9550, up 23 points

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Oct-19	1.9539	-0.0137	-0.0194
Nov-19	1.9497	-0.0133	-0.0209
Dec-19	1.9416	-0.0140	-0.0235
Jan-20	1.9322	-0.0143	-0.0256
Feb-20	1.9192	-0.0143	-0.0269
Mar-20	1.9012	-0.0140	-0.0273
Apr-20	1.8802	-0.0141	-0.0277
May-20	1.8661	-0.0138	-0.0275
Jun-20	1.8547	-0.0129	-0.0265
Jul-20	1.8510	-0.0124	-0.0252
Aug-20	1.8492	-0.0124	-0.0239
Sep-20	1.8492	-0.0127	-0.0224
Oct-20	1.8500	-0.0124	-0.0212
Nov-20	1.8510	-0.0126	-0.0215
Dec-20	1.8513	-0.0129	-0.0222
Jan-21	1.8528	-0.0125	-0.0219
Feb-21	1.8479	-0.0113	-0.0205

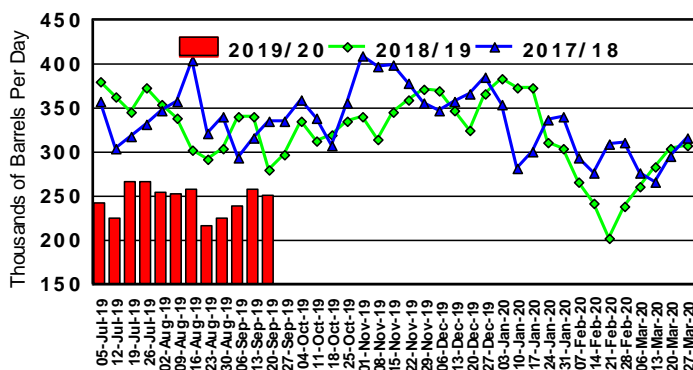
Sprague HeatCurve Oct 2019-Apr 2020 \$1.9256

Other Front Month NYMEX	Close	Change
Crude - WTI	\$56.4900	-\$0.8000
Crude - Brent	\$62.3900	-\$0.7100
Natural Gas	\$2.5020	-\$0.0010
Gasoline	\$1.6252	-\$0.0291



Weekly EIA Petroleum Status Report for the Week Ending September 20, 2019

Distillate Production PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 2.412 million barrels

Cushing, OK Crude Stocks Down 647,000 barrels

Gasoline Stocks Up 519,000 barrels

Distillate Stocks Down 2.978 million barrels

Refinery % Operated 89.8%, down 1.4%

PADD #1

	Week Ending Sep 20, 2019	Week Ending Sep 13, 2019	Week Ending Sep 21, 2018
Distillate Stocks (in million bbls)			
New England	7.5	7.8	6.7
Central Atlantic	23.9	24.5	24.9
Total PADD #1	41.7	44.7	43.6
Distillate Imports (thousands b/d)	53	122	113