

Market Commentary

Recap: Oil prices continued to forge ahead Friday on reports China will resume the purchase of U.S. crude oil in October, and on heightened concern U.S. sanctions against Iran could lead to supply shortages. Adding to the higher move was a cut in U.S. oil drilling rigs, which fell by 9 this week. October WTI settled at \$68.72 a barrel, up 89 cents, or 1.3%, up 5.4% on the week. Friday's activity stemmed seven straight weeks of declines in WTI. Brent for October delivery settled at \$75.82 a barrel, up \$1.09, or 1.46%, or a nearly 5.6% weekly gain, ending three weeks of declines.

September RBOB added 1.9 cents, or 0.9% to settle at \$2.078 a gallon, ending 4.9% higher on the week. September heating oil rose 2.7 cents, or 1.2%, to settle at \$2.202 a gallon, for a weekly gain of 5%.

The Commitment of Traders report showed that managed money funds in the crude market continued to cut their net long position for the sixth consecutive week. The funds cut their net long position by 15,722 contracts to 341,132 contracts in the week ending August 24th on a combined NYMEX and ICE futures and options basis.

Fundamental News: Baker Hughes reported that US energy companies cut nine oil drilling rigs in the week ending August 24th, the largest decline since May 2016, following a recent decline in oil prices. The number of rigs searching for oil fell to 860.

US President Donald Trump's National Security Adviser, John Bolton, said that US sanctions against Russia would remain in place until Russia changes its behavior. He also added that he told Ukrainian President, Petro Poroshenko, that Russia should not meddle in Ukraine's presidential vote next year. Meanwhile, Russia's Deputy Foreign Minister, Sergei Ryabkov said that all options were on the table when it came to Russia's possible response to a new round of US sanctions. He also stated that Russia had not yet noted any signs that the US was ready to normalize relations. Russia's Foreign Ministry said that new US sanctions announced this month over a nerve agent attack in Britain would only create more tension in bilateral relations. The US is expected on Monday to impose new sanctions that could terminate some arms sales and financing to Russia, as well as deny the country credit and prohibit the export of security-sensitive goods and technology.

Energy consultancy FGE said it expects Iran's crude and condensate exports to fall below 1 million bpd by mid-2019.

Iran's Oil Minister, Bijan Zanganeh said some OPEC members were acting in accordance with US policies. Iran told OPEC this month that no member country should be allowed to take over another member's share of oil exports, expressing concern about a Saudi offer to pump more crude amid US sanctions on Iranian oil sales starting in November.

Brazil's industry group, Unica, said Brazil's center-south ethanol production reached 1.98 billion liters in the first half of August, up 1.1% on the year.

IIR Energy reported that US oil refiners are expected to shut in 541,000 bpd of capacity in the week ending August 24th, cutting available refining capacity by 93,000 bpd on the week. IIR expects offline capacity to fall to 182,000 bpd in the week ending August 31st and 139,000 bpd in the week ending September 7th.

Early Market Call - as of 9:00 AM EDT

WTI - Oct \$68.73, up 1 cent

RBOB - Sep \$2.0875, up 95 points

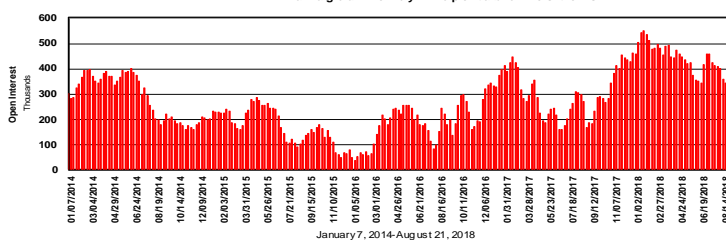
HO - Sep \$2.2060, up 31 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-18	2.2022	0.0268	0.104
Oct-18	2.2078	0.0271	0.105
Nov-18	2.2113	0.0269	0.1048
Dec-18	2.2131	0.0268	0.103
Jan-19	2.2159	0.0269	0.1015
Feb-19	2.2128	0.0264	0.1009
Mar-19	2.2043	0.0255	0.1008
Apr-19	2.1828	0.0247	0.1001
May-19	2.1814	0.0242	0.0978
Jun-19	2.1753	0.0239	0.0953
Jul-19	2.1776	0.0234	0.0941
Aug-19	2.1828	0.0231	0.094
Sep-19	2.1907	0.0228	0.0937
Oct-19	2.1971	0.0226	0.0938
Nov-19	2.2024	0.0227	0.0939
Dec-19	2.2087	0.0235	0.0938
Jan-20	2.2191	0.0235	0.0911

Sprague HeatCurve Oct 2018-April 2019		\$2.2096
Other Front Month NYMEX		Close
Crude - WTI	Oct Brent- WTI Spread \$7.10	\$68.7200
Crude - Brent		\$75.8200
Natural Gas		\$2.9170
Gasoline		\$2.0779
		Change
		\$0.8900
		\$1.0900
		-\$0.0470
		\$0.0187

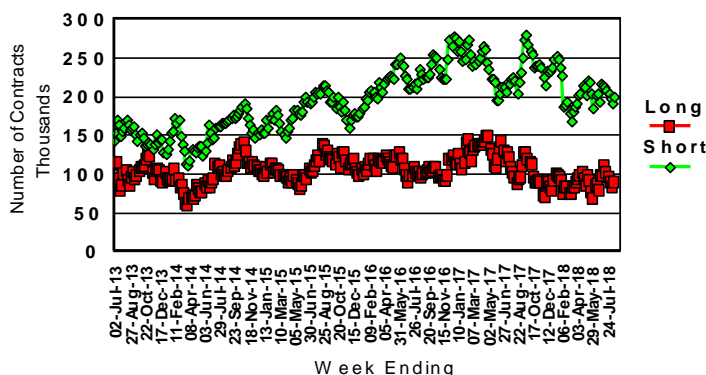
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending August 21, 2018

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

