

Market Commentary

Recap: Strong words out of OPEC+'s regularly scheduled monthly joint committee meeting sent oil prices skyrocketing on Thursday, as its members reassured the oil industry that it was committed to full compliance with agreed upon output cuts. The most notable change was the committee's announcement that it would recommend that OPEC approve an extension of a compensation package, whereby those not adhering to production quotas would have to compensate those countries that were in compliance. The compensation package, which was set to end in September, would be extended until the end of December. October WTI jumped over \$41 a barrel, to trade at a high of \$41.22 before tapering gains to settle at \$40.97, up 81 cents, or 2%. November Brent ended at \$43.30 a barrel, up \$1.08, or 2.6%. October RBOB rose 3%, to settle at \$1.2244 a gallon, while October heating oil added 3.9%, to settle at \$1.1598 a gallon.

Technical Analysis: WTI rallied a bit more than we would have expected, but with the U.S. dollar tumbling, this is not surprising. The November contract is now above the 50-day moving average, which could make us think that there is more upside potential in this market. What we would like to keep in mind is that the last time WTI tried to gain momentum above the 50-day moving average, it ran out of steam. We would continue to look for signs of exhaustion up around this level, while also keeping an eye on the U.S. dollar. Resistance is set at \$42 and above that at \$45. To the downside support rests at \$40.33 and below that at \$38.99.

Fundamental News: Bureau of Safety and Environmental Enforcement estimates that about 31% or 567,770 bpd of U.S. Gulf offshore crude oil production was shut in as of Thursday. It also estimates that more than 24% of offshore natural gas output was shut by Hurricane Sally. OPEC and allies, led by Russia, urged better compliance with oil output cuts on Thursday during their online meeting to discuss compliance with their agreed output cuts and demand trends. The OPEC+ ministerial committee meeting made no mention of any changes in oil output targets. The OPEC+ panel reviewed an internal document which warned that a rise in coronavirus cases in some countries may cut oil demand despite signs of economic recovery and initial indications of a decline in oil stocks. The technical panel said it was concerned about the increase in the cumulative overproduction, which reached 2.38 million bpd from May until August. The panel urged laggards such as Iraq, Nigeria and the United Arab Emirates to cut more barrels to compensate for overproduction. The OPEC+ panel agreed to extend the period for the compensation until the end of 2020. The next OPEC+ Joint Ministerial Monitoring Committee meeting will be held on October 19th.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said OPEC+ can call for an extraordinary meeting in October for extra measures if the situation worsens. He said OPEC+ will take a pro-active and pre-emptive stance in addressing oil market challenges.

Russia's Energy Minister, Alexander Novak, urged participants in the group's oil output cut agreement to fully comply with their promised cuts.

The UAE's Energy Minister, Suhail Mohammed Faraj Al Mazroui, said the country will compensate for its overproduction in October and November. He said the UAE will have 100% compliance with its output cuts in September.

The Joint Organizations Data Initiative reported that Saudi Arabia's crude output in July increased by 995,000 bpd to 8.479 million bpd. The country's crude oil exports increased to 5.73 million bpd in July from 4.98 million bpd in June. It also reported that Saudi Arabia's crude stocks increased by 416,000 barrels to 153.767 million barrels in July.

Early Market Call - as of 8:30 AM EDT

WTI - Oct \$40.50, down 47 cents

RBOB - Oct \$1.2135, down 1.09 cents

HO - Oct \$1.1450, down 1.48 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-20	1.1598	0.0435	-0.0774
Nov-20	1.1743	0.0406	-0.0745
Dec-20	1.1923	0.0387	-0.0726
Jan-21	1.2115	0.0375	-0.0715
Feb-21	1.2281	0.0361	-0.0696
Mar-21	1.2403	0.0342	-0.0681
Apr-21	1.2463	0.0328	-0.0664
May-21	1.2556	0.0315	-0.0645
Jun-21	1.2672	0.0304	-0.0629
Jul-21	1.2834	0.0296	-0.0619
Aug-21	1.2987	0.0288	-0.0609
Sep-21	1.3129	0.0279	-0.0601
Oct-21	1.3263	0.0273	-0.0599
Nov-21	1.3378	0.0264	-0.0597
Dec-21	1.3479	0.0259	-0.0603
Jan-22	1.3599	0.0257	-0.0606
Feb-22	1.3682	0.0254	-0.0605

Sprague Heat Weighted Strip October -April 20/2021			\$1.2108
		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$2.08	\$41.2200	\$0.8100
Crude - Brent		\$43.3000	\$1.0800
Natural Gas		\$2.0420	-\$0.2250
Gasoline		\$1.2244	\$0.0355

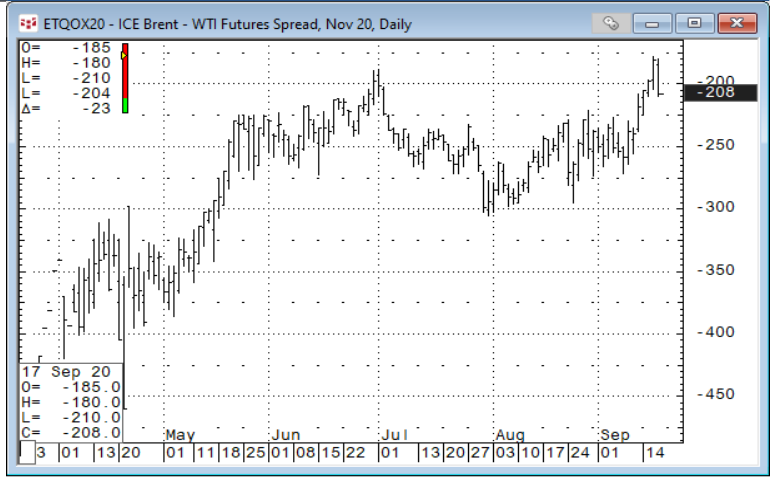
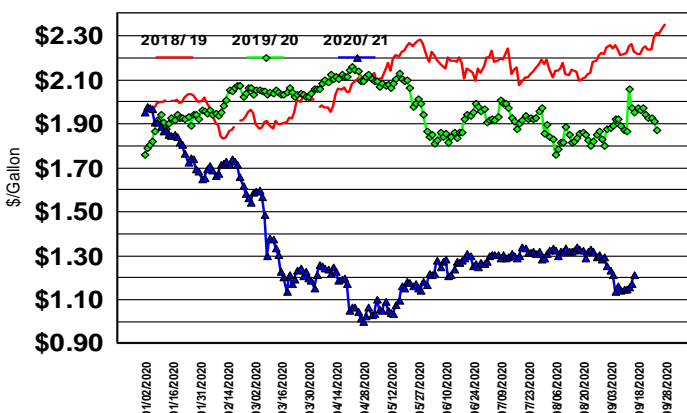
EIA Working Gas Storage Report

	11-Sep-20	04-Sep-20	Change	Year Ago
East	825	805	20	756
Midwest	983	953	30	888
Mountain	221	216	5	187
Pacific	310	308	2	278
South Central	1,276	1,243	33	969
Salt	349	335	14	200
Nonsalt	927	908	19	770
Total	3,614	3,525	89	3,079

Sprague HeatCurve October-April

ICE November Brent-WTI Spread

Sprague HeatCurve October-April



CQG Inc. © 2020 All rights reserved worldwide. <http://www.cqg.com>

Thu Sep 17 2020 15:47:04, CQG 19.12.8117

This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.