

Market Commentary

Recap: Oil futures rose on Tuesday, getting a boost from supply disruptions due to Hurricane Sally, which shut in more than a quarter of offshore crude production in the Gulf of Mexico and several refineries. The up move was limited by demand concerns, which pushed prices off of their highs for the day. The IEA lowered its 2020 outlook for demand by 200,000 barrel per day, to 91.7 million, noting the current global economic situation. October WTI added \$1.02, or 2.7%, to settle at \$38.28 a barrel, while November Brent tacked on 92 cents, or 2.3%, to settle at \$40.53 a barrel. October RBOB settled at \$1.1381 a gallon, up 2.8%, while October heating oil added 0.5%, to finish at \$1.0993 a gallon.

Market Outlook: The crude oil market continues to look vulnerable as prices trade in a seesaw fashion, while demand remains a key influencer. The October WTI contract stopped just shy of peaking at the 10-day moving average, which is currently set at \$38.69. A break above this average should put this market on track for a test at the 50day moving average. With short term charts indicating signs of exhaustion, we do not think that this market can muster enough upside momentum to overtake the 50-day average and therefore would stick with the current view of selling rallies. Resistance above \$38.69 is set at \$40.33. A break below last week's low of \$36.13 should bring about a fresh round of selling. Below this level, additional support is seen at \$35.

Fundamental News: The International Energy Agency cut its 2020 oil demand forecast on Tuesday, citing caution about the pace of economic recovery from the pandemic. The IEA cut its 2020 outlook by 200,000 bpd to 91.7 million bpd in its second downgrade in as many months. It stated that China, which emerged from lockdown sooner than other major economies and provided a strong support to global demand, continues a strong recovery, while a virus upsurge in India contributed to the biggest demand decline since April. It also stated that increasing global oil output and the downgraded demand outlook also mean a slower draw on crude oil stocks which piled up at the height of lockdown measures. The IEA predicts implied stock draws in the second half of the year of about 3.4 million bpd, nearly one million bpd less than it predicted last month, with July storage levels in developed countries again reaching record highs of 3.225 billion barrels.

Transatlantic arrivals of diesel and gasoil were expected to increase this week, as the U.S. market remains under pressure from rising global supplies and a stalling recovery in consumption. Refinitiv Oil Research was tracking 253,000 tons that could potentially discharge by the end of this week, up by over 40% compared with last week. However, 155,000 tons are aboard vessels sitting off Southwold in the UK, suggesting they could be idle for a while or awaiting discharge via STS operations. Also, set to discharge this week is a Chevron chartered tanker, carrying a 38,000 tons VGO parcel from Chevron's Pascagoula refinery and a Mercuria chartered vessel, carrying 60,000 tons of ULSD from Marathon's Garyville refinery.

More than 25% of U.S. offshore oil and gas production was shut and key exporting ports were closed on Tuesday as Hurricane Sally moved off the U.S. Gulf Coast. Sally continued to weaken on Tuesday afternoon to a Category 1 hurricane on Tuesday largely stalled offshore with sustained winds of 80 mph. The Bureau of Safety and Environmental Enforcement said about 27% or 497,072 bpd of offshore crude oil production from the northern Gulf of Mexico was shut by Tuesday because of Hurricane Sally. Also, about 28% or 760 million cubic feet/day of natural gas output was shut in as of Tuesday.

Early Market Call - as of 8:30 AM EDT

WTI - Oct \$39.14, up 86 cents

RBOB - Oct \$1.1552, up 1.71 cents

HO - Oct \$1.1133, up 1.4 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-20	1.0993	0.0059	0.0068
Nov-20	1.1159	0.0064	0.0069
Dec-20	1.1347	0.0076	0.0077
Jan-21	1.1541	0.0086	0.0082
Feb-21	1.1714	0.0095	0.0095
Mar-21	1.1852	0.0106	0.0093
Apr-21	1.1930	0.0114	0.0091
May-21	1.2044	0.0121	0.0091
Jun-21	1.2178	0.0129	0.0089
Jul-21	1.2346	0.0132	0.0093
Aug-21	1.2505	0.0135	0.0096
Sep-21	1.2651	0.0137	0.0100
Oct-21	1.2790	0.0140	0.0097
Nov-21	1.2912	0.0143	0.0092
Dec-21	1.3013	0.0146	0.0084
Jan-22	1.3134	0.0147	0.0081
Feb-22	1.3220	0.0148	0.0079

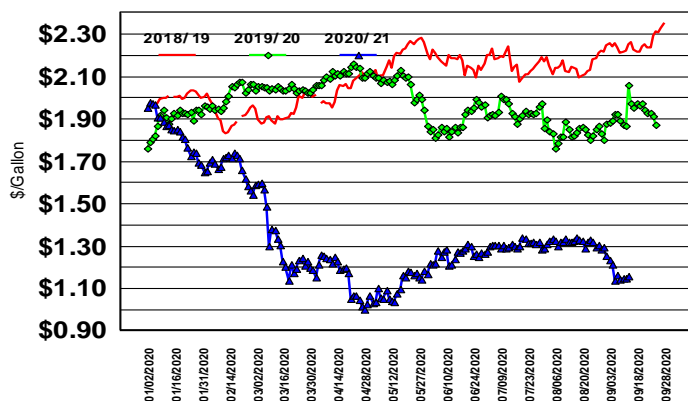
Sprague Heat Weighted Strip October -April 20/2021			\$1.1538
		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$1.98	\$38.5500	\$0.9900
Crude - Brent		\$40.5300	\$0.9200
Natural Gas		\$2.3620	\$0.0520
Gasoline		\$1.1381	\$0.0313

API Report for the Week Ending September 11, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 9.5 million barrels	Up 1.3 million barrels
Cushing, OK Crude Stocks	Down 798,000 barrels	
Gasoline Stocks	Up 3.8 million barrels	Down 200,000 barrels
Distillate Stocks	Down 1.1 million barrels	Up 600,000 barrels
Refinery Runs	Up 641,000 bpd	Up 1.8%
Crude Imports	Down 96,000 bpd	

Sprague HeatCurve October-April

Sprague HeatCurve October-April



WTI Forward Curve

NYMEX WTI Forward Curve

