

Market Commentary

Recap: Oil futures climbed more than 4% on Wednesday after the EIA reported a 4.4 million barrel draw in U.S. crude oil inventories, while Hurricane Sally curtailed production in the Gulf of Mexico, as offshore production was taken off line. The drop in crude oil was a surprise, as most analysts expected a build of 1.3 million barrels. Also supporting the higher move was a 400,00 barrel drop in U.S. gasoline stockpiles, which were expected to fall by 200,000 barrels. October WTI jumped above \$40, to a session high of \$40.33, slightly paring gains to settle at \$40.16 a barrel, up \$1.88, or 4.9%. This is the highest settlement for a spot month since September 3. Brent for November delivery tacked on \$1.69, or 4.2%, to settle at \$42.22 a barrel. October RBOB gained \$4.5%, to close at \$1.1889 a gallon, while October heating oil added nearly 1.6%, to settle at \$1.1163 a gallon.

Technical Analysis: October WTI blasted through the 10-day moving average and gained enough momentum to peak above \$40 a barrel, but came up short of the 50-day moving average. We are not yet convinced that this up move can be sustained, as the dollar is still showing signs of strength and this market has been at this level before but was unable to perform above \$40. We would continue to look for signs of exhaustion for selling opportunities. The first line of resistance is the 50-day moving average of \$40.33, with additional resistance set at \$41.23. To the downside support is seen at \$38.99 and below that at \$37.30.

Fundamental News: Hurricane Sally moved offshore along the U.S. Gulf Coast on Wednesday, moving away from oil fields while soaking the region with heavy rains that could cut fuel demand in the U.S. southeast. The storm made landfall early Wednesday morning near Gulf Shores, Alabama as a Category 2 hurricane. Oil and chemical ports along the Mississippi River were moving to reopen with restrictions and some offshore operators were preparing to return workers to offshore platforms on Thursday. According to the U.S. Interior Department, 508,000 bpd of oil production and 805 million cubic feet/day of natural gas output were shut in the U.S. Gulf of Mexico. Unstaffed offshore platforms declined by 30 to 119 on Wednesday. The EIA said a total of 1.1 million bpd of U.S. Gulf Coast refining capacity was offline on Wednesday.

Chevron Corp began restoring production and returning workers to the Blind Faith and Petronius production platforms in the U.S. Gulf of Mexico on Wednesday following the passage of Hurricane Sally.

Three OPEC+ sources stated that compliance with oil production cuts in August among OPEC+ members was seen at around 101%. The United Arab Emirates has emerged as a major laggard in delivering oil output cuts in August. A technical committee of the alliance of the Organization of the Petroleum Exporting Countries and its allies, known as OPEC+, plans to hold a meeting later on Wednesday to discuss market fundamentals and compliance. Sources also stated that an OPEC+ ministerial monitoring committee is scheduled to meet on Thursday, and is unlikely to announce recommendations for expanding the oil cuts further. The meeting, instead, is expected to extend the compensation period for countries like Iraq and Nigeria for their past overproduction.

Early Market Call - as of 8:30 AM EDT

WTI - Oct \$39.92 down 24 cents

RBOB - Oct \$1.1943 up 54 points

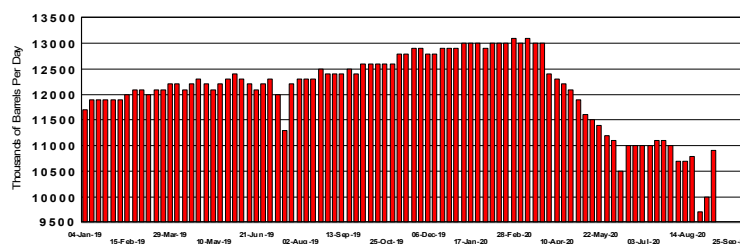
HO - Oct \$1.1234 up 71 points

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Oct-20	1.1163	0.0170	-0.0339
Nov-20	1.1337	0.0178	-0.0339
Dec-20	1.1536	0.0189	-0.0339
Jan-21	1.1740	0.0199	-0.0340
Feb-21	1.1920	0.0206	-0.0335
Mar-21	1.2061	0.0209	-0.0339
Apr-21	1.2135	0.0205	-0.0336
May-21	1.2241	0.0197	-0.0330
Jun-21	1.2368	0.0190	-0.0325
Jul-21	1.2538	0.0192	-0.0323
Aug-21	1.2699	0.0194	-0.0321
Sep-21	1.2850	0.0199	-0.0322
Oct-21	1.2990	0.0200	-0.0326
Nov-21	1.3114	0.0202	-0.0333
Dec-21	1.3220	0.0207	-0.0344
Jan-22	1.3342	0.0208	-0.0349
Feb-22	1.3428	0.0208	-0.0351

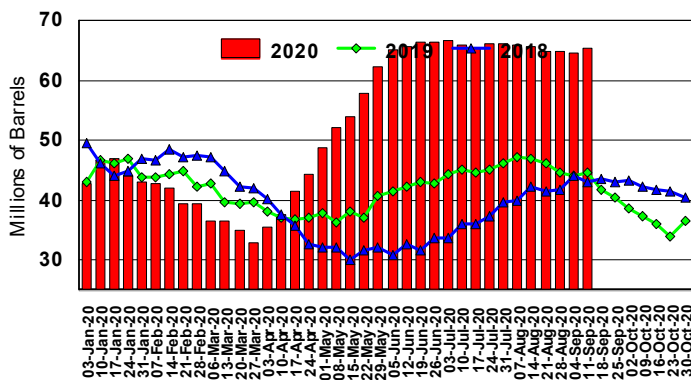
Sprague Heat Weighted Strip October -April 20/2021			\$1.1734
		Close	Change
Crude - WTI	Nov Brent-	\$40.4100	\$1.8600
Crude - Brent	WTI Spread	\$42.2200	\$1.6900
Natural Gas	\$1.81	\$2.2670	-\$0.0950
Gasoline		\$1.1889	\$0.0508

U.S. Domestic Crude Production



Weekly EIA Petroleum Status Report for the Week Ending September 11, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 4.389 million barrels

Cushing, OK Crude Stocks Down 74,000 barrels

Gasoline Stocks Down 381,000 barrels

Distillate Stocks Up 3.461 million barrels

Refinery % Operated 75.8%, up 4%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Sep 11, 2020	Week Ending Sep 4, 2020	Week Ending Sep 12, 2019
New England	12.7	12.7	7.8
Central Atlantic	38.2	38.4	24.5
Total PADD #1	65.4	64.7	44.7
Distillate Imports (thousands b/d)	107	137	122