

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil markets overnight and this morning were supported by bullish inventory reports first released by API and then by the EIA. But as it appeared the bullish move was running out of steam at midday the oil markets suddenly shot up over a dollar a barrel only to quickly erase those gains as it appeared the price spike was driven by a rumored 13,000+ lot market order. By the close of business, prices while settling higher were still below levels recorded not only after the EIA report but Tuesday's late afternoon API inventory report.

Technical Analysis: Given today's price action we remain comfortable in staying with our overall negative outlook for prices. One should note that the 9 day stochastics for heating oil have turned lower with crude and gasoline on the verge of rolling over and signaling a downward trend shortly. We would continue to look for \$1.1000 level as an initial downside target. With the recent decline in gasoline inventories coupled with the recent rebound in demand an exception to our negative price outlook would be in the RBOB crack. We would look to be a buyer of the November RBOB/WTI crack on any move back towards today's low at \$8.22 with an initial upside target of \$9.50 per barrel.

Fundamental News: S&P Global Platts Analytics estimates Libyan crude supply to the market to reach 365,000 b/d by December from September levels of 125,000 b/d. Most of these gains will come from western onshore oil fields. Platts though does not see exports from eastern oilfields in the country coming to the market until April 2021.

Platts cFlow data is showing that US Gulf Coast middle distillate exports to Europe in September will reach 640,000 mt with 70,000 mt already booked for October. Commodity data company Kpler is reporting middle distillate stocks in floating storage in Europe as of September 7th stood at 630,000 mt but by September 21st had grown to 960,000 mt.

IIR Energy reported that U.S. oil refiners are expected to shut in 4.7 million bpd of capacity in the week ending September 25th, increasing available refining capacity by 400,000 bpd from the previous week. Offline capacity is expected to fall to 4 million bpd in the week to October 2nd.

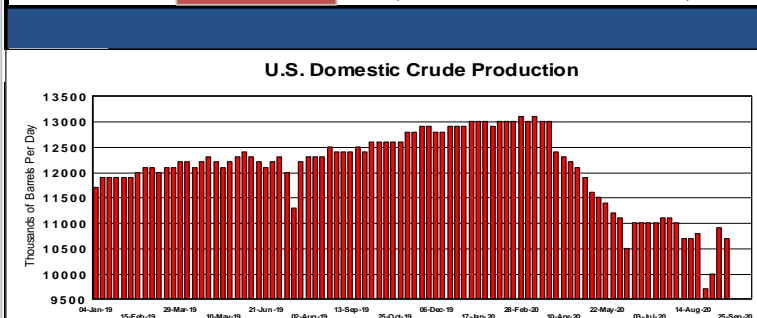
Platts reported that two-thirds of U.S. oil and natural gas executives surveyed by the Federal Reserve Bank of Dallas in September believe U.S. oil production has peaked. Also, 74% of them expect OPEC to play a bigger role in determining oil prices ahead. Executives expect WTI oil prices to reach an average of \$43.27/barrel by the end of 2020, up from \$42.11/barrel in the second quarter survey, and Henry Hub gas prices to be \$2.55/mmbtu by year's end, up from \$2.15/mmbtu predicted in the second quarter. The Dallas Fed's second quarter oil production index recovered 47.2 points from the second quarter to minus 15.4 and its natural gas production index increased 37.7 points to minus 10.1. The oil and natural gas executives also stated that WTI would need to reach \$51-\$55/barrel before the rig count started to increase substantially. About 29% said that would only happen at \$56-\$60/barrel and 18% believed prices need to increase over \$60/barrel. To prompt a sharp increase in well completions, about 36% of respondents said WTI prices would need to increase to \$46-\$50/barrel, with 28% saying \$51-\$55/barrel and 18% saying \$56-\$60/barrel.

Early Market Call - as of 8:50 AM EDT

WTI - Nov \$39.61, down 33 cents
 RBOB - Oct \$1.1690, down 1.23 cents
 HO - Oct \$1.0999, down 76 points

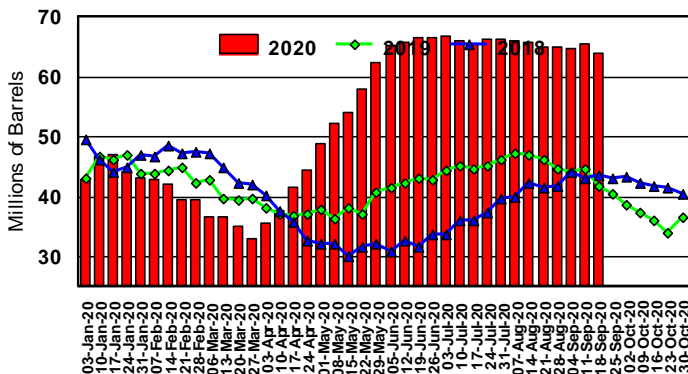
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-20	1.1075	0.0114	0.0088
Nov-20	1.1178	0.0088	0.0159
Dec-20	1.1339	0.0062	0.0197
Jan-21	1.1530	0.0045	0.0210
Feb-21	1.1708	0.0036	0.0212
Mar-21	1.1844	0.0032	0.0217
Apr-21	1.1916	0.0029	0.0219
May-21	1.2021	0.0027	0.0220
Jun-21	1.2151	0.0026	0.0217
Jul-21	1.2328	0.0026	0.0210
Aug-21	1.2493	0.0027	0.0206
Sep-21	1.2651	0.0030	0.0199
Oct-21	1.2792	0.0031	0.0198
Nov-21	1.2910	0.0030	0.0204
Dec-21	1.3015	0.0032	0.0205
Jan-22	1.3139	0.0030	0.0203
Feb-22	1.3227	0.0029	0.0201

Sprague Heat Weighted Strip October -April 20/2021		\$1.1539
	Close	Change
Crude - WTI	\$39.9300	\$0.1300
Crude - Brent	\$41.7700	\$0.0500
Natural Gas	\$2.1250	\$0.2910
Gasoline	\$1.1813	\$0.0170



Weekly EIA Petroleum Status Report for the Week Ending September 18, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 1.639 million barrels
 Cushing, OK Crude Stocks Up 4,000 barrels
Gasoline Stocks Down 4.025 million barrels
Distillate Stocks Down 3.364 million barrels
Refinery % Operated 74.8%, down 1%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Sep 18, 2020	Week Ending Sep 11, 2020	Week Ending Sep 20, 2019
New England	12.5	12.7	7.5
Central Atlantic	37.2	38.2	23.9
Total PADD #1	63.8	65.4	41.7
Distillate Imports (thousands b/d)	127	107	53