

Market Commentary

Recap: A non-commitment to increase output by OPEC and non-OPEC producers pushed Brent to a fresh four year high and WTI above \$72.00 a barrel for the first time since early July. Top global producers met in Algiers over the weekend but ended the meeting without a commitment to ramping up production. This comes despite U.S. President Donald Trump's request that OPEC "get prices down now." Prices opened the session trading to the upside, never looking back as they slowly ascended throughout the session. November Brent peaked the session at \$81.48 a barrel before paring gains for a settle of \$81.20, up \$2.40, or 3.05%. November WTI climbed to a high of \$72.74, before trimming gains to settle at \$72.08 a barrel, up \$1.30, or 1.84%. October RBOB added 1.9% to \$2.055 a gallon and October heating oil rose 2.7% to \$2.286 a gallon

Technical Analysis

Last week's reaffirmation to the upside opened the door for follow-through buying. Moving oscillators are trending to the upside in slightly overbought territory, but do not appear ready to cross to the downside. With this in mind, we would look for further upside movement. Resistance is set at \$73.23 and \$74.25. Support is set at \$71.80 and \$70.63.

Fundamental News: OPEC and non-OPEC oil producers meeting in Algiers over the weekend failed to produce any formal recommendation for additional supply increases. The Saudi oil minister on Sunday said that according to the numbers presented at the oil producers meeting Sunday, it is highly unlikely that the group will increase production next year. He noted it is their interest to make sure there is no inventory build in 2019. Meanwhile the CEO of Saudi Aramco told CNBC on Monday that it has 1.5 million b/d of spare capacity and is ready to supply additional barrels to the market if needed.

Genscape reported Monday morning that as of Friday, September 21st, crude oil stocks at Cushing, OK stood at 25,737,962 barrels up 530,860 barrels from a week earlier and up 562,287 from September 18th.

Genscape reported that the 130,500 b/d FCC unit was once again restarted at Phillips 66 Bayway refinery following repair work. The unit has been effectively down since September 12th.

Reuters reported that Libya is producing more than 1 million b/d of oil currently, and its average 2018 production so far has been 1.03 million b/d. The chairman of NOC claimed that production recently reached 1.267 million b/d, the highest production level since 2013. He noted production can go even higher by "hundreds of thousands" of barrels per day with improved security.

Analysts at Bank of America Merrill Lynch raised their average oil price forecast for Brent crude oil for 2019 from \$75 per barrel to \$80. The bank also raised their average WTI oil price forecast for 2019 by just \$2 per barrel due to U.S. infrastructure bottlenecks. They noted that the Iran factor may dominate the market near-term and cause a price spike, but emerging market demand concerns could reappear thereafter.

Early Market Call - as of 8:58 AM EDT

WTI - Nov \$72.43 up 35 cents per barrel

RBOB - Oct \$2.0629 up 82 points

HO - Oct \$2.3007 up 1.44 cents

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Oct-18	\$2.2859	\$0.0599	\$0.0795
Nov-18	\$2.2902	\$0.0596	\$0.0800
Dec-18	\$2.2944	\$0.0589	\$0.0796
Jan-19	\$2.2971	\$0.0583	\$0.0777
Feb-19	\$2.2949	\$0.0578	\$0.0767
Mar-19	\$2.2879	\$0.0576	\$0.0760
Apr-19	\$2.2769	\$0.0571	\$0.0742
May-19	\$2.2702	\$0.0562	\$0.0724
Jun-19	\$2.2652	\$0.0551	\$0.0712
Jul-19	\$2.2677	\$0.0547	\$0.0699
Aug-19	\$2.2727	\$0.0540	\$0.0686
Sep-19	\$2.2797	\$0.0536	\$0.0674
Oct-19	\$2.2868	\$0.0531	\$0.0662
Nov-19	\$2.2922	\$0.0511	\$0.0653
Dec-19	\$2.2976	\$0.0487	\$0.0640
Jan-20	\$2.3028	\$0.0480	\$0.0620
Feb-20	\$2.3038	\$0.0463	\$0.0595

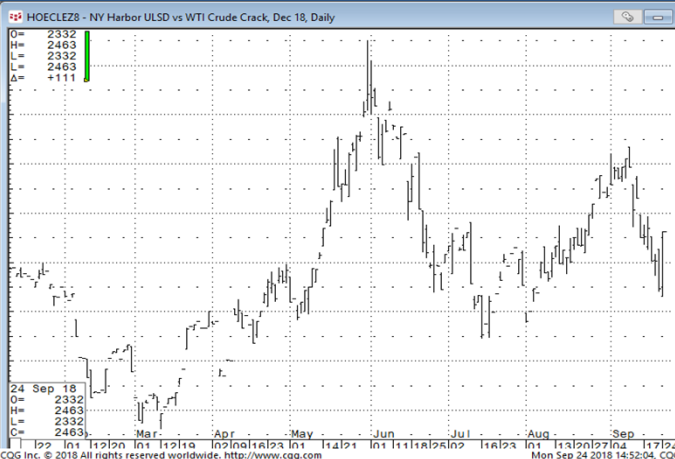
Sprague HeatCurve Oct 2018-April 2019 \$2.2914

Other Front Month NYMEX	Close	Change
Crude - WTI	\$72.0800	\$1.3000
Crude - Brent	\$81.2000	\$2.4000
Natural Gas	\$3.0380	\$0.0610
Gasoline	\$2.0547	\$0.0376

ICE November Brent - WTI Spread



Dec Heat Crack Spread



Dec RBOB Crack Spread

