

## Market Commentary

**Recap:** Oil jumped more than 3% on Thursday on expectations that falling prices could lead to production cuts, coupled with a steady of the yuan currency after a week of turmoil spurred by an escalation in U.S.-China trade tensions. Reports that Saudi Arabia reached out to other producers to discuss the recent drop in oil prices and a run up in equities also provided support. September WTI traded as high as \$52.98 a barrel, up \$1.89, or 3.6%, while Brent for October delivery peaked at \$58.01 a barrel, up \$1.78, or 3.1%. After crude oil gapped higher on the open, bears backed off, and as a result oil prices held on to early gains. September WTI settled up \$1.45, or 2.8%, to \$52.54 a barrel. Its 4.7% plunge to \$51.09 Wednesday was the lowest settlement for the contract since Jan. 14, 2019. October Brent tacked on \$1.15, or 2%, to settle at \$57.38 a barrel. It fell 4.6% to \$56.23 a day earlier, the lowest finish since Jan. 3. September RBOB rose 1.5% to \$1.6457 a gallon after its \$1.6203 settlement a day earlier marked the lowest since Feb. 26. September heating oil was up 1.3% to \$1.7766 a gallon. It fell 3.8% to \$1.7532 a gallon in the previous session, the lowest since Jan. 3.

**Technical Analysis:** September WTI traded higher after opening the session gapping to the upside. Its inability to trade above the long standing ascending trend line was met with a round of selling, which pushed this spot contract back toward the \$52.00 level. At this point in time, we are stilling looking for this market to range trade between \$50.00 and \$60.00, as it is still a news sensitive market. Resistance rests at the trend line set at \$53.04 and above that at \$55.00. To the downside, support is set at \$50.52 and below that at \$49.45.

**Fundamental News:** Fuel distributors in the US Northeast are preparing for an uncertain heating oil season this winter, with some locking in additional contracts, as upcoming global sulfur regulations are expected to increase distillate fuel demand. The East Coast has become vulnerable to price increases this winter in light of new shipping rules limiting sulfur content in refined fuels, along with the shutdown of Philadelphia Energy Solutions' 335,000 bpd refinery complex. Those factors could squeeze heating oil supply, while unplanned refinery outages could exacerbate any constraints. The new low-sulfur rules requires ships globally to use fuels with a sulfur content below 0.5% beginning January 1, 2020, down from 3.5%. While market participants expect that imports from regions including Europe will fill any supply gaps this winter, new IMO regulations mean increased distillate demand around the world could encourage shippers that typically export to the Northeast to keep supplies in Europe.

A Saudi oil official said Saudi Arabia plans to keep its crude oil exports below 7 million bpd in August and September despite strong demand from customers. He said the country is maintaining its oil production below 10 million bpd.

The UAE's Energy Minister, Suhail al-Mazrouei, said the country will continue to support actions to balance the oil market and is confident its OPEC and non-OPEC partners will take similar measures. He said the Joint Ministerial Monitoring Committee will meet in Abu Dhabi on September 12<sup>th</sup> to review the oil market and make recommendations aimed at keeping it balanced. He said market fundamentals were good and that commercial stock overhang continues to decline and demand remains healthy despite a temporary overreaction in the market driven by speculation.

Libya restarted the El Sharara oilfield with a limited production. An oil industry source said that engineers tested the previously closed pipeline from the field to the Zawiya port.

Goldman Sachs said the escalation in trade tensions following a sharp devaluation of China's yuan increases downside risks to mild recovery in activity in oil prices that it expects in the second half 2019.

**Early Market Call - as of 8:55 AM EDT**

WTI - Sep \$53.23, up 69 cents

RBOB - Sep \$1.6652, up 1.99 cents

HO - Sep \$1.7971, up 2.06 cents

## All NYMEX | Prior Settlements

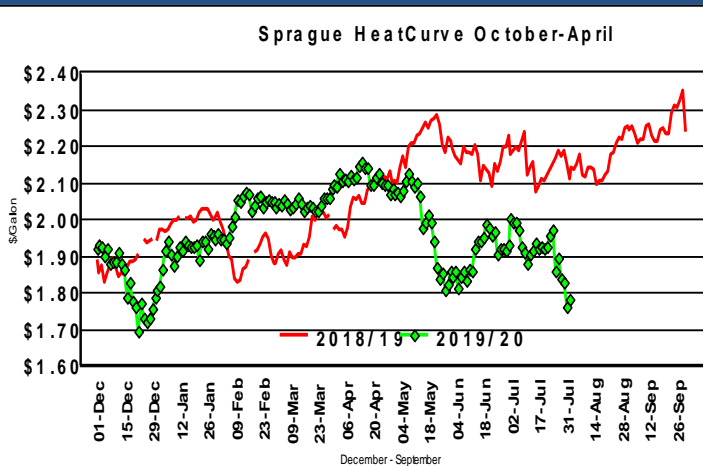
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-19	1.7766	0.0234	-0.0763
Oct-19	1.7831	0.0238	-0.0764
Nov-19	1.7865	0.0237	-0.0761
Dec-19	1.7889	0.0237	-0.0742
Jan-20	1.7905	0.0232	-0.0724
Feb-20	1.7858	0.0224	-0.0717
Mar-20	1.7754	0.0211	-0.0717
Apr-20	1.7616	0.0199	-0.0714
May-20	1.7543	0.0191	-0.0683
Jun-20	1.7508	0.0185	-0.0646
Jul-20	1.7542	0.0177	-0.0613
Aug-20	1.7583	0.0170	-0.0588
Sep-20	1.7622	0.0157	-0.0573
Oct-20	1.7650	0.0148	-0.0560
Nov-20	1.7674	0.0139	-0.0551
Dec-20	1.7684	0.0133	-0.0534
Jan-21	1.7718	0.0126	-0.0513

Sprague HeatCurve Oct 2019-Apr 2020		Close	Change
Other Front Month NYMEX			
Crude - WTI	Oct Brent-	\$52.4600	\$1.4300
Crude - Brent	WTI Spread	\$57.3800	\$1.1500
Natural Gas	\$4.92	\$2.1280	\$0.0450
Gasoline		\$1.6457	\$0.0254

### EIA Working Gas Storage Report

	02-Aug-19	26-Jul-19	Change	Year Ago
East	613	597	16	571
Midwest	701	677	24	576
Mountain	161	156	5	148
Pacific	272	270	2	245
South Central	941	934	7	808
Salt	221	226	-5	204
Nonsalt	719	708	11	604
Total	2,689	2,634	55	2,346

## Sprague HeatCurve October-April



## ICE October Brent-WTI Spread

