

Market Commentary

Recap: Oil futures fell sharply on Tuesday, to their lowest level in two weeks, as investors worried about the rising number of COVID-19 cases throughout the globe, which will surely impact demand for oil and its products. Investors were cautious ahead of Tuesday night's first presidential debate between Donald Trump and his Democratic opponent, Joe Biden, and the release of the U.S. inventory reports. November WTI fell \$1.31, or 3.2%, to settle at \$39.29 a barrel, while Brent for November delivery slipped \$1.40, or 3.3%, to close at \$41.03 a barrel. Both WTI and Brent futures settled at their lowest front-month levels since September 15. October RBOB fell 3.6%, to \$1.2017 a gallon, and October heating oil lost 2.7%, to \$1.1090 a gallon.

Market Outlook: Once again, WTI was unable to sustain itself above \$40 a barrel, as it continues to trade back and forth. This market has been struggling on the upside and the downside, trading between the range of \$35 and \$45 since the beginning of June. This has made it hard for traders to put on long term positions and as a result short term conditions have been the popular play. Based upon a spot continuation chart, the November contract is now below the 10, 50 and 100-day moving averages, with moving oscillators appearing to get ready for a cross to the downside. With this in mind, we would look for a push toward \$35. There is support set at \$36.35. To the upside, resistance is set at \$39.92 and \$40.67, the 10 and 100 day moving averages, respectively.

Fundamental News: The heads of the world's largest trading houses predicted tepid oil demand recovery and flat prices due to the coronavirus pandemic in coming months and possibly even years although said peak demand will not be reached until the next decade. The chief executives of trading houses Vitol, Gunvor and Mercuria also told the annual FT Commodities Global Summit they would invest more in renewables. Russell Hardy, the head of Vitol, said he had "modest expectations" for oil prices as he saw consumption staying broadly flat until next summer. Gunvor co-owner, Torbjorn Tornqvist, said prices would fluctuate between the mid and high \$40s until the middle of 2021. Mercuria's chief and co-founder, Marco Dunand, was more pessimistic, saying he didn't see oil consumption coming back to pre-pandemic levels for a few years. He said he saw prices staying broadly flat at \$45/barrel for the next six months.

Arabian Gulf Oil said Libya's Sarir oilfield resumed operations after eastern forces lifted an eight-month blockade on energy facilities. However, AGOCO chairman, Mohamed Shatwan, did not put any figures on initial output levels at Sarir, which was producing more than 300,000 bpd last year. National Oil Corp lifted the force majeure on output and exports from some facilities this month while keeping restrictions on those where it said fighters remained. The blockade by the eastern-based Libyan National Army has cost about \$10 billion in lost revenue.

Azeri state energy company, SOCAR, said the country's oil infrastructure was being guarded by the army amid fighting with ethnic Armenian forces over the breakaway region of Nagorno-Karabakh.

Energy Intelligence estimates that by late May the world had about 700 million barrels more crude and 600 million barrels more products in storage than at the end of 2019. Global oil inventories increased to over 10 billion barrels at end of April, at the height of pandemic lockdown. Tanks filled first on land and then at sea, rapidly increasing by 1 billion barrels from February. Storage in March increased by 300 million barrels and by 600 million barrels in April. Initial balances showed tanks falling by 100 million barrels per month starting in June while current estimates are seen at 75 million barrels per month.

Early Market Call - as of 8:30 AM EDT

WTI - Nov \$39.22 down 7 cents
 RBOB - Oct \$1.1864 down 1.53 cents
 HO - Oct \$1.1098 up 8 points

All NYMEX | Prior Settlements

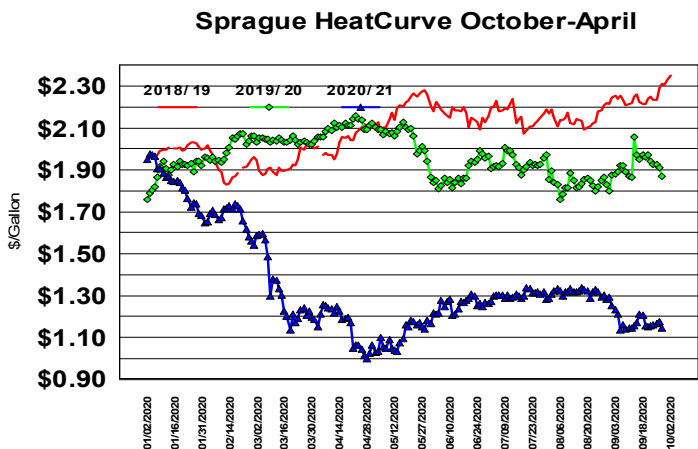
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Oct-20	1.1090	-0.0305	-0.0129
Nov-20	1.1157	-0.0303	-0.0067
Dec-20	1.1315	-0.0288	-0.0038
Jan-21	1.1477	-0.0283	0.0008
Feb-21	1.1624	-0.0282	0.0048
Mar-21	1.1737	-0.0277	0.0075
Apr-21	1.1800	-0.0272	0.0087
May-21	1.1894	-0.0268	0.0100
Jun-21	1.2011	-0.0266	0.0114
Jul-21	1.2177	-0.0264	0.0125
Aug-21	1.2330	-0.0260	0.0136
Sep-21	1.2476	-0.0256	0.0145
Oct-21	1.2603	-0.0253	0.0158
Nov-21	1.2706	-0.0254	0.0174
Dec-21	1.2795	-0.0255	0.0188
Jan-22	1.2907	-0.0257	0.0202
Feb-22	1.2996	-0.0257	0.0202

Sprague Heat Weighted Strip October -April 20/2021		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$1.74	\$39.2900	-\$1.3100
Crude - Brent		\$41.0300	-\$1.4000
Natural Gas		\$2.5610	-\$0.2340
Gasoline		\$1.2017	-\$0.0449

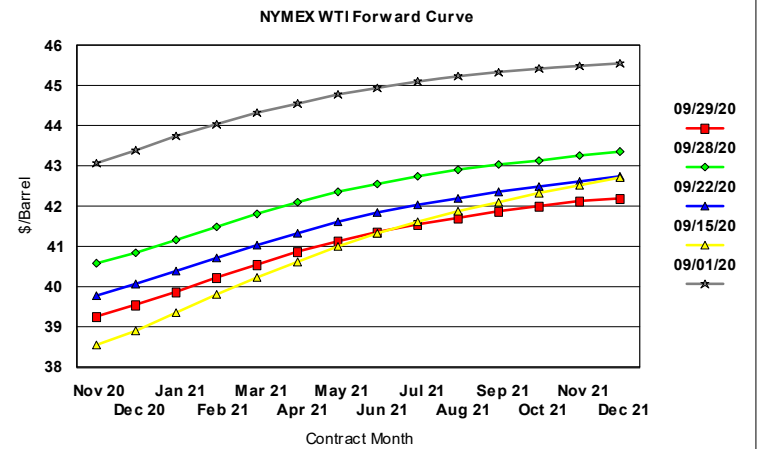
API Report for the Week Ending September 25, 2020

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 831,000 barrels	Up 1.6 million barrels
Cushing, OK Crude Stocks	Up 1.6 million barrels	
Gasoline Stocks	Up 1.6 million barrels	Down 1.1 million barrels
Distillate Stocks	Down 3.4 million barrels	Down 900,000 barrels
Refinery Runs	Up 374,000 bpd	Down 0.3%
Crude Imports	Down 79,000 bpd	

Sprague HeatCurve October-April



WTI Forward Curve



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