

Market Commentary

Recap: Oil prices rose to their highest level in a month, after the EIA report showed U.S. crude oil inventories fell 2.6 million barrels, higher than the expected 1 million barrels. October WTI settled at \$69.51, a barrel, up 98 cents, or 1.4%. This was the highest settlement for a spot contract in a month. Brent for October delivery settled at \$77.14 a barrel, up \$1.19, or 1.8%.

Despite the recent run-up in prices, we could see a sell-off given the fact that the U.S. summer driving season is coming to an end, stockpiles at Cushing, OK increased and the approaching turnaround session, which typically leads to a build in stocks

September RBOB rose 2.7% or 1.3 cents to settle at \$2.106 a gallon. September heating oil climbed 1.4%, or 3.1 cents, to settle at \$2.242 a gallon.

Fundamental News: The head of the IEA, Fatih Birol, said global oil markets could tighten towards the end of the year due to strong demand and uncertainty of production in some oil producing countries. He said oil markets could tighten due to very strong demand growth and a major problem is that Venezuelan production is collapsing. He said Venezuela's production has declined by about 50% in the last two years and added that there was also "fragility of production" in countries including those in the Middle East.

The head of Iraq's SOMO, Alaa al-Yasiri, said OPEC will discuss in December whether producers can compensate for a sudden decline in Iranian oil supply after US sanctions against Iran start in November. He said a sudden drop in Iranian oil exports will have a negative impact on prices and market fundamentals. He said Iraq resumed crude shipments to Iran from its Kirkuk oil fields following a few days halt due to logistical issues. He said Iraq had only shipped 500,000 barrels and hopes to ship a total of 1 million barrels before the US sanctions are imposed on Iran in November.

A senior Iranian military official said if foreign forces in the Gulf do not following international laws, they would face the Revolutionary Guards' firm response, as tension rises between Iran and the US.

IIR Energy reported that US oil refiners are expected to shut in 429,000 bpd of capacity in the week ending August 31st, increasing available refining capacity by 214,000 bpd from the previous week. IIR expects offline capacity to fall to 115,000 bpd in the week ending September 7th.

Genscape reported that Plains All American Pipeline's Basin crude pipeline was shut down on Tuesday morning. The line later resumed operations on Tuesday afternoon, with flows of about 410,000 bpd.

Enbridge said there was an increase in nominations on the Spearhead crude pipeline for October, though capacity was expected to be slightly lower than September. September shipping capacity is estimated at 197,885 bpd, unchanged from estimates released in July. September nominations totaled 1.538 million bpd, with about 87.1% apportioned. October shipping capacity is estimated at 196,646 bpd. October nominations were 1.656 million bpd, with about 88.1% apportioned. Nominations for new shippers were limited to 10% of available capacity.

Early Market Call - as of 8:35 AM EDT

WTI - Oct \$69.92, up 41 cents

RBOB - Sep \$2.1169, up 1.24 cents

HO - Sep \$2.2507, up 1.04 cents

All NYMEX | Prior Settlements

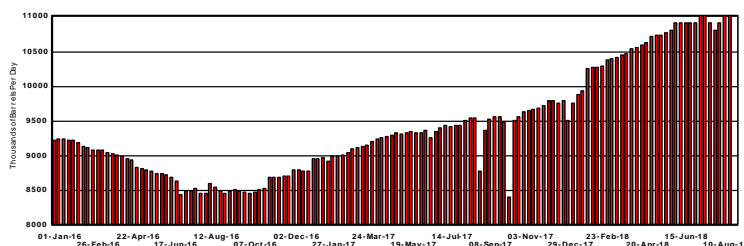
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-18	\$2.2421	\$0.0307	\$0.0738
Oct-18	\$2.2488	\$0.0318	\$0.0752
Nov-18	\$2.2519	\$0.0317	\$0.0745
Dec-18	\$2.2528	\$0.0314	\$0.0724
Jan-19	\$2.2542	\$0.0312	\$0.0702
Feb-19	\$2.2493	\$0.0305	\$0.0676
Mar-19	\$2.2384	\$0.0294	\$0.0645
Apr-19	\$2.2104	\$0.0281	\$0.0618
May-19	\$2.2119	\$0.0267	\$0.0595
Jun-19	\$2.2051	\$0.0259	\$0.0583
Jul-19	\$2.2063	\$0.0252	\$0.0567
Aug-19	\$2.2104	\$0.0245	\$0.0554
Sep-19	\$2.2170	\$0.0239	\$0.0536
Oct-19	\$2.2230	\$0.0237	\$0.0531
Nov-19	\$2.2269	\$0.0235	\$0.0525
Dec-19	\$2.2335	\$0.0241	\$0.0546
Jan-20	\$2.2416	\$0.0224	\$0.0523

Sprague HeatCurve Oct 2018-April 2019

\$2.2471

Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent-	\$69.5100	\$0.9800
Crude - Brent	WTI Spread	\$77.1400	\$1.1900
Natural Gas	\$7.63	\$2.8950	\$0.0430
Gasoline		\$2.1060	\$0.0273

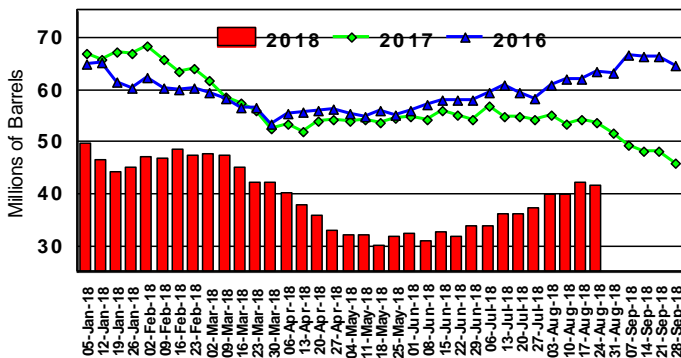
U.S. Domestic Crude Production



EIA Weekly Petroleum Status Report for the Week Ending August 24, 2018

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 2.566 million barrels

Cushing, OK Crude Stocks Up 58,000 barrels

Gasoline Stocks Down 1.554 million barrels

Distillate Stocks Down 837,000 barrels

Refinery % Operated 96.3%, Down 1.8%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Aug 24, 2018	Week Ending Aug 17, 2018	Week Ending Aug 25, 2017
New England	6.1	6.4	8.5
Central Atlantic	23.8	22.1	32.7
Total PADD #1	41.6	42.2	53.7
Distillate Imports (thousands b/d)	243	49	82