

Market Commentary

Recap: Oil futures rebounded after three straight days of losses, as U.S. Gulf of Mexico producers made slow progress in restoring output after Hurricane Ida and protestors blocked exports from two Libyan ports. Producers in the Gulf are still struggling to restart operations nine days after Ida swept through the region with powerful winds and drenching rains. As of Tuesday, about 80% of U.S. Gulf production remained offline. Seventy-nine platforms are still unoccupied, with about 17.5 million barrels of oil lost to the market. October WTI added 95 cents, or 1.39%, to settle at \$69.30 a barrel, while November Brent settled at \$72.60 a barrel, up 91 cents, or 1.27%. October RBOB gained 0.21 cent per gallon, to settle at \$2.1321, snapping a two day losing streak. Year-to-date, RBOB is up 72.37 cents, or 51.38%. October heating oil added .0148 cent a gallon, to settle at \$2.1349.

Market Outlook: October WTI pushed above the 10-day moving average and gained ground above \$69. It is closing in on a downward trend line drawn off of July highs, with a break above this line opening up for a test of the 50-day moving average. We have been up at this level before, but failed to hold above it. Should we hold this level, we would look for a run toward \$74. To the downside, support is seen at \$68.77 and below that at \$67.22.

Fundamental News: The EIA said its 2021 world oil demand growth forecast was cut by 370,000 bpd to 4.96 million bpd. It raised its oil demand growth estimate for 2022 by 10,000 bpd to 3.63 million bpd. Total world consumption in 2021 is estimated at 97.38 million bpd and 101.01 million bpd in 2022. The EIA estimated that total oil production is expected to increase by 1.96 million bpd to 96.14 million bpd in 2021 and by 5.31 million bpd to 101.45 million bpd. OPEC's oil output is forecast to increase by 1.06 million bpd to 31.76 million bpd in 2021 and by 2.11 million bpd to 33.87 million bpd in 2022. Meanwhile, U.S. oil output is forecast to fall by 200,000 bpd to 11.08 million bpd in 2021 but increase by 640,000 bpd to 11.72 million bpd in 2022. U.S. petroleum demand is forecast to increase by 1.55 million bpd to 19.74 million bpd in 2021 and by 890,000 bpd to 20.63 million bpd in 2022. Gasoline demand is expected to increase by 730,000 bpd to 8.78 million bpd in 2021 and by 200,000 bpd to 8.98 million bpd in 2022. Distillate demand increased by 210,000 bpd to 4 million bpd in 2021 and by 160,000 bpd to 4.16 million bpd in 2022. The EIA expects Brent prices to average \$71/barrel during the fourth quarter of 2021. However, in 2022, it expects growth in production from OPEC+, U.S. tight oil and other non-OPEC countries will outpace slowing growth in global oil consumption and contribute to Brent prices declining to an annual average of \$66/barrel.

U.S. imports of gasoline and blending components from Europe and the Baltics are expected to reach about 500,000 tons this week, the highest level since late May. The sharp increase in flows is mainly due to the production outages caused by Hurricane Ida.

Consultancy FGE Energy expects European gasoline demand to fall by 200,000 bpd to 2 million bpd between August and December.

Diesel exports from Asia and the Middle East to Europe remained strong, with about 505,000 tons set to be discharged this week. For September, the volume is currently set at around 1.3 million tons. Separately, at least 570,000 tons of diesel have been booked on tankers so far in September for exports from Europe to North and South America as well as West Africa.

IIR Energy said U.S. oil refiners are expected to have shut in 1.70 million bpd of capacity offline in the week ending September 10th, increasing available refining capacity by 597,000 bpd. Offline capacity is expected to decrease to 1.14 million bpd in the week ending September 17th.

Early Market Call - as of 8:20 AM EDT

WTI - Oct \$69.62, up 32 cents
 RBOB - Oct \$2.1455, up 1.17 cents
 HO - Oct \$2.1405, up 40 points

All NYMEX | Prior Settlements

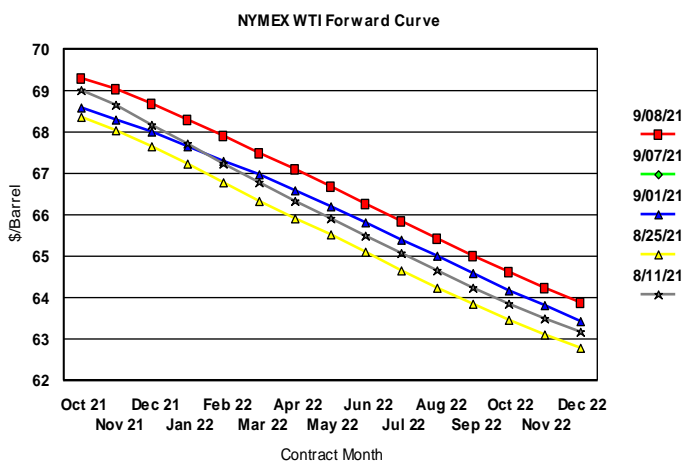
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-21	2.1364	0.0148	0.0075
Nov-21	2.1337	0.0165	0.0097
Dec-21	2.1299	0.0173	0.0114
Jan-22	2.1253	0.0175	0.0116
Feb-22	2.1174	0.0172	0.0118
Mar-22	2.1044	0.0167	0.0113
Apr-22	2.0866	0.0169	0.0115
May-22	2.0741	0.0172	0.0114
Jun-22	2.0642	0.0164	0.0102
Jul-22	2.0616	0.0159	0.0093
Aug-22	2.0609	0.0157	0.0091
Sep-22	2.0612	0.0155	0.0094
Oct-22	2.0621	0.0153	0.0091
Nov-22	2.062	0.0153	0.0087
Dec-22	2.0604	0.0154	0.0082
Jan-23	2.0593	0.0153	0.0079
Feb-23	2.0531	0.0153	0.0081

Sprague HeatCurve October 2021-April 2022			\$2.1197
		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$3.55	\$69.0500	\$0.9200
Crude - Brent		\$72.6000	\$0.9100
Natural Gas		\$4.9140	\$0.3460
Gasoline		\$2.1321	\$0.0021

API Report for the Week Ending September 3, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 2.88 million barrels	Down 7.4 million bbls
Cushing, OK Crude Stocks	Up 1.79 million barrels	
Gasoline Stocks	Down 6.41 million barrels	Down 2.4 million barrels
Distillate Stocks	Down 3.75 million barrels	Down 2 million barrels

WTI Forward Curve



WTI Continuation



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