

Market Commentary

Recap: Oil prices slipped on Wednesday after the EIA report indicated that U.S. crude oil inventories increased 1.9 million barrels, as opposed to the expected 2.2 million barrel decrease forecast by industry analysts. Both Brent and WTI traded in a narrow range in what was a lightly traded session. The early rise above unchanged was quickly erased as traders reacted to the inventory report, pushing prices below on unchanged. November Brent fell 53 cents, or 0.65%, to settle at \$81.34 a barrel, while WTI closed at \$71.57 a barrel, down 71 cents, or 0.98%. October RBOB fell 0.4% to settle at \$2.059 a gallon, while October heating oil lost 0.2% to \$2.30 a gallon

Technical Analysis

Technical indicators are calling for a shake out to the downside, but we still believe that the main trend in oil is to the upside and not convinced otherwise until WTI slips below \$71.00. Resistance is set at \$73.23 and \$74.25. Support is set at \$71.14 and \$70.63

Fundamental News: Goldman Sachs in a research note to clients called for Brent crude oil prices to likely stabilize back in the \$70-\$80 a barrel price range by year end. The investment bank noted that a faster than expected decline in Iranian exports, OPEC's failure to commit strongly to increase production, stabilizing growth expectations and restocking by China have supported the latest rally in oil prices. But Goldman Sachs noted another supply catalyst beyond Iran is needed for prices to meaningfully break to the upside.

The head of crude oil marketing for Nigeria's state oil firm NNPC, said Wednesday that OPEC will do everything to balance and stabilize the oil market, but the cartel is restricted by the amount of spare production capacity there currently is in the market. He noted that Nigeria plans on increasing crude oil, and condensate output by 100,000 b/d by the end of 2018, up from the current level of two million b/d. Nigeria is looking to increase crude oil and condensate production by an additional 300,000 b/d in 2019.

Genscape reported that crude oil stocks in ARA fell to a five year seasonal low, dropping by 2.9 million barrels during the week ending September 21st, to 51.6 million barrels.

IIR Energy said it estimates U.S. oil refiners are estimated to have 1,570,000 b/d of refining capacity offline in the week ending September 28th, up from 1,032,000 b/d offline a week ago.

U.S. Energy Secretary Perry said the Trump administration is not considering any release from the SPR to offset the impact of looming Iran sanctions, and will rely on big global producers to keep the market stable instead. He noted that there is some 600,000 b/d of spare capacity that could be tapped from Iraq, Saudi Arabia and Kuwait.

The TransCanada Gulf Coast pipeline which had been shut for half a day yesterday has resumed flows and was estimated flowing at 562,000 b/d today. The pipeline had been flowing at 604,000 b/d this week and has a capacity of 700,000 b/d. The line goes from Cushing, OK to Nederland, TX.

Early Market Call - as of 8:42 AM EDT

WTI - Nov \$72.45 up 88 cents per barrel
 RBOB - Oct \$ 2.0795 up 2.10 cents per gallon
 HO - Oct \$2.3193 up 1.95 cents per gallon

All NYMEX | Prior Settlements

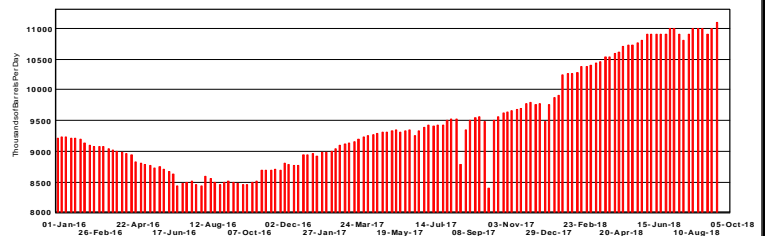
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-18	\$2.2998	-\$0.0055	\$0.0532
Nov-18	\$2.3037	-\$0.0060	\$0.0537
Dec-18	\$2.3076	-\$0.0064	\$0.0542
Jan-19	\$2.3104	-\$0.0064	\$0.0536
Feb-19	\$2.3075	-\$0.0067	\$0.0528
Mar-19	\$2.2997	-\$0.0070	\$0.0528
Apr-19	\$2.2883	-\$0.0071	\$0.0524
May-19	\$2.2802	-\$0.0078	\$0.0509
Jun-19	\$2.2740	-\$0.0085	\$0.0495
Jul-19	\$2.2753	-\$0.0086	\$0.0486
Aug-19	\$2.2792	-\$0.0084	\$0.0474
Sep-19	\$2.2852	-\$0.0084	\$0.0456
Oct-19	\$2.2911	-\$0.0081	\$0.0435
Nov-19	\$2.2960	-\$0.0078	\$0.0417
Dec-19	\$2.3008	-\$0.0074	\$0.0391
Jan-20	\$2.3033	-\$0.0074	\$0.0351
Feb-20	\$2.3011	-\$0.0092	\$0.0301

Sprague HeatCurve Oct 2018-April 2019 \$2.3042

Other Front Month NYMEX	Close	Change
Crude - WTI	\$71.5700	-\$0.7100
Crude - Brent	\$81.3400	-\$0.5300
Natural Gas	\$3.0210	-\$0.0610
Gasoline	\$2.0585	-\$0.0092

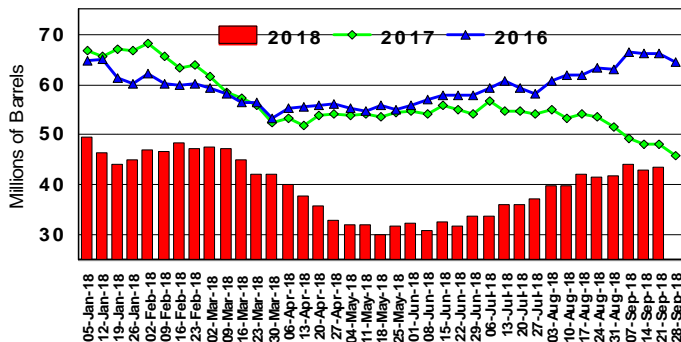
Nov Brent-WTI Spread \$9.77

U.S. Domestic Crude Production



EIA Weekly Petroleum Status Report for the Week Ending September 21, 2018

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.85 million barrels

Cushing, OK Crude Stocks Up 461,000 barrels

Gasoline Stocks Up 1.53 million barrels

Distillate Stocks Down 2.24 million barrels

Refinery % Operated 90.4%, Down 5.0%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Sep 21, 2018	Week Ending Sep 14, 2018	Week Ending Sep 22, 2017
New England	6.7	6.4	8.9
Central Atlantic	24.9	25.2	27.4
Total PADD #1	43.6	43.0	48.0
Distillate Imports (thousands b/d)	113	113	82