

Market Commentary

Recap: Oil prices fell sharply on Tuesday as an increase in tariffs on Chinese and American imports took hold this weekend, heightening fears about a global recession and as data showed U.S. manufacturing shrank in August for the first time in three years. Oil prices fell as much as 4%, with October WTI falling \$2.26, to a session low of \$52.84 a barrel, and November Brent falling to a session low of \$57.23 a barrel, down \$1.43. Prices rebounded as Hurricane Dorian was lowered to a category 2 status and as traders remained uncertain over how the trade talks could play out. October WTI briefly recaptured the \$54.00 level before finishing the session at \$53.94 a barrel, down \$1.16, or 2.11% and November Brent settling at \$58.26 a barrel, down 40 cents, or 0.68%. October RB settled at \$1.4705 a gallon down 5.92 cents, while October heating oil fell 3.4 cents, to settle at \$1.8033 a gallon.

Data due this week on U.S. inventory levels will be delayed by a day to Wednesday and Thursday because of the U.S. Labor Day holiday on Monday.

Technical Analysis: Once again, WTI failed to hold above the 10-day moving average, bringing about a fresh round of technical selling, which pushed the October contract to a low of \$52.84, the lowest level for a spot contract in four weeks. As long as trade tensions between the U.S. and China remain, we are confident this market will continue to consolidate between the near term range of \$52.50 and \$57.00. A settlement below \$52.50 allows for a push toward support set at \$51.63, with a settlement above \$57.00 opening up the opportunity for a run at \$58.96.

Fundamental News: US President, Donald Trump, said trade talks between the US and China were going well, though he warned that he would be tougher in negotiations if the discussions dragged on until his second term. He did not provide details about the negotiations or how they could become tougher. Meanwhile, China's Vice Premier, Liu He, said China firmly opposes a trade war as it is not good for it.

Venezuela's oil exports fell in August to their lowest level in 2019, cut by a halt in purchases by the country's second largest customer, China National Petroleum Corp, following tougher US sanctions. Overall exports of crude and refined products by PDVSA and its joint ventures fell to 770,000 bpd from 992,565 bpd in July and 1.13 million bpd in June. Last month, China's CNPC canceled loadings of Venezuelan crude it had scheduled for August. PDVSA is responsible for delivering oil to Chinese firms to repay billions of dollars loaned to Venezuela.

Iran's President, Hassan Rouhani, said Iran will always have a negative answer to any offer of bilateral talks with the US.

The spokesman of the Atomic Energy Organization of Iran, Behrouz Kamalvandi, said Iran is capable of resuming production of 20% enriched uranium within two days. Enriching uranium up to 20% purity is considered an important intermediate stage on the path to obtaining the 90% pure fissile uranium needed for a bomb.

France proposed offering Iran credit lines worth about \$15 billion until the end of the year in return for Iran coming fully back into compliance with its 2015 nuclear deal. An Iranian delegation was in Paris on Monday, including oil and finance officials, to fine tune details of credit lines that would give Iran some respite from sanctions. French Finance Minister, Bruno Le Maire, will be in Washington on Tuesday in part to discuss the mechanism. One diplomat said it might be when the US gives its response to French proposals. At a G7 meeting in France last month, US President Donald Trump appeared open to the idea of credit lines, although US officials have since ruled out lifting sanctions. Iran has called on the European countries who signed the nuclear agreement to accelerate their efforts to alleviate the impact of US sanctions. President Hassan Rouhani stressed that Iran would take its next step in scaling back its nuclear commitments by Thursday unless the Europeans keep their promises to salvage the deal.

Early Market Call - as of 7:25 AM EDT

WTI - Oct \$54.63, up 70 cents

RBOB - Oct \$1.4848, up 1.42 cents

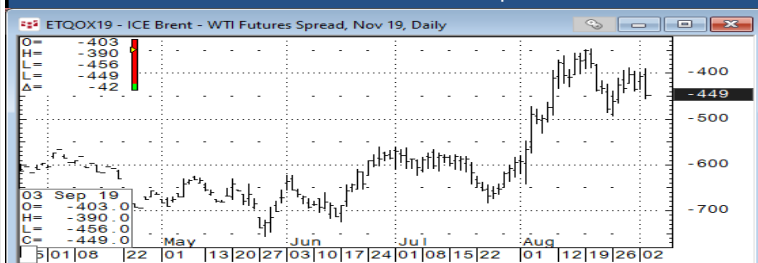
HO - Oct \$1.8241, up 2.12 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-19	1.8033	-0.0340	0.0026
Nov-19	1.8059	-0.0337	0.0014
Dec-19	1.8076	-0.0327	0.0013
Jan-20	1.8076	-0.0322	0.0000
Feb-20	1.8016	-0.0309	-0.0013
Mar-20	1.7902	-0.0291	-0.0025
Apr-20	1.7757	-0.0277	-0.0028
May-20	1.7668	-0.0267	-0.0031
Jun-20	1.7609	-0.0261	-0.0039
Jul-20	1.7628	-0.0251	-0.0042
Aug-20	1.7656	-0.0244	-0.0046
Sep-20	1.7688	-0.0237	-0.0049
Oct-20	1.7718	-0.0227	-0.0051
Nov-20	1.7743	-0.0223	-0.0052
Dec-20	1.7755	-0.0220	-0.0053
Jan-21	1.7783	-0.0214	-0.0055
2/29/2021	1.7771	-0.0194	-0.0044

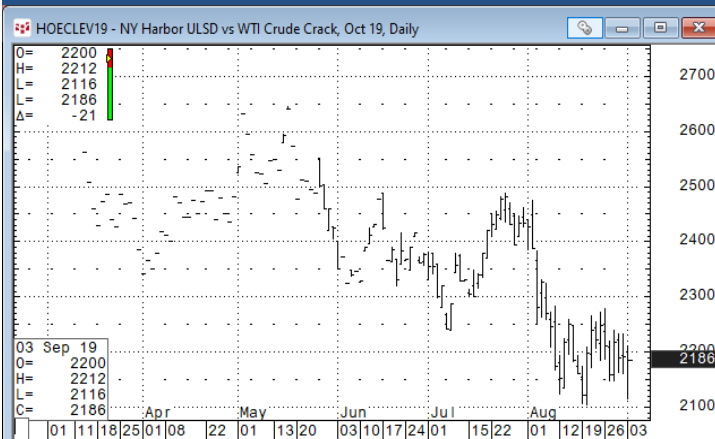
Sprague HeatCurve Oct 2019-Apr 2020		\$1.8005	
Other Front Month NYMEX		Close	Change
Crude - WTI	Nov Brent-	\$53.7600	-\$1.1300
Crude - Brent	WTI Spread	\$58.2600	-\$0.0400
Natural Gas	\$4.50	\$2.3580	\$0.0730
Gasoline		\$1.4705	-\$0.0592

ICE November Brent-WTI Spread

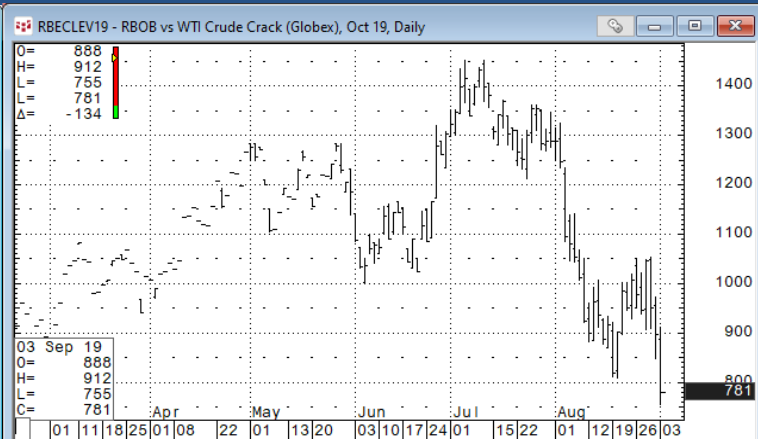


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October Heating Oil Crack Spread



October RBOB Crack Spread



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