

Market Commentary

Recap: Oil prices rose on Friday, but gains were pared after OPEC lowered its outlook for demand growth due to a slowing global economy. In early morning trading, September WTI gained as much as \$1.20, or 2.2% to trade at a session high of \$55.67 a barrel, but by 9:10 a.m. EST, this spot contract fell below unchanged, to a session low of \$54.26, a loss of 21 cents. Prices continued to trade in a rollercoaster fashion, and despite a last ditch effort to finish the week above \$55.00, this contract failed. September WTI settled at \$54.87 a barrel, up 40 cents, or 0.73%. For the week, prices rose 0.7%. October Brent crude added 41 cents, or 0.7%, to \$58.64 a barrel, for a 0.2% weekly gain. September RBOB rose 1.3% to \$1.6364 a gallon, with the contract ending down 1% for the week, while September heating oil fell by 1.8% to \$1.8107 a gallon, for a weekly rise of 0.3%.

Technical Analysis: Based upon a weekly spot continuation chart, WTI held above \$53.41, the lower trend line that forms the bottom of a symmetrical triangle. This formation signifies a pause in the existing trend, followed by a resumption of the trend, which in this case would be to the upside. With WTI bouncing off of the bottom of this formation, we would look for a run at the top, which is currently set at \$58.45, but we'd have to see sustained strength above \$55.00. Above this level, additional resistance is set at \$57.50. To the downside support is set at \$53.70 and below that at \$52.50.

Fundamental News: OPEC on Friday released its monthly market report and it showed the cartel had cut its forecast for oil demand growth in 2019 by another 40,000 b/d and continued to look for the market to be in a slight surplus in 2020. The report noted that "the risk to global economic growth remains skewed to the downside. Especially trade-related developments will need to be thoroughly reviewed in coming weeks with some likelihood of a further downward revision in September." The cartel said the group's oil output in July fell by 246,000 b/d to 29.61 million b/d as Saudi Arabia cut production by 202,000 b/d to 9.58 million b/d. OPEC estimated OECD oil inventories rose in June and stood 67 million barrels above the latest 5 year average, the level originally targeted by the recent supply agreement by OPEC+ producers.

Baker Hughes reported that oil drillers in the United States this week increased the number of drilling rigs operating in the country by 6 rigs. This was the first weekly increase in seven weeks and the largest increase since April.

Reuters reported that oil production in Russia during the first half of August averaged 11.32. Russia has committed to cut its production level by 228,000 b/d from its 11.41 million b/d production mark recorded last October.

Norway's Petroleum Directorate reported the preliminary production number for July showed Norwegian oil production was 1.447 million b/d.

The North Dakota Pipeline Authority announced Thursday that oil production in North Dakota averaged more than 1.42 million b/d in June, up 30,000 b/d from May and some 20,800 b/d higher than the previous record set in January.

Reuters reported Friday that finding a buyer for PES' Philadelphia oil refinery has grown urgent as the bankrupt company's funds dwindle and no signs emerge that it is winning a fight for insurance payouts after the June fire at the plant. At least three parties have shown interest in buying the facility.

Early Market Call - as of 8:15 AM EDT

WTI - Sep \$55.08, up 21 cents

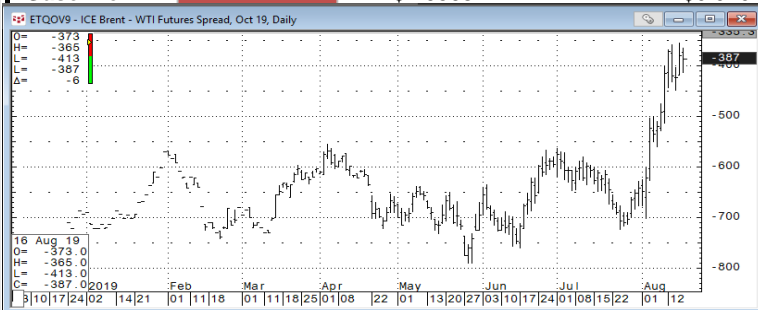
RBOB - Sep \$1.6586, up 20 points

HO - Sep \$1.8150, up 22 points

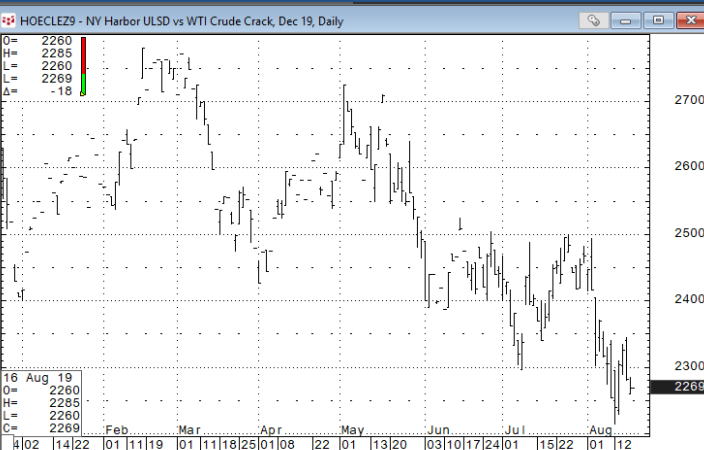
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-19	1.8128	0.0021	0.0048
Oct-19	1.8199	0.0013	0.0051
Nov-19	1.8233	0.0014	0.0051
Dec-19	1.8250	0.0016	0.0043
Jan-20	1.8259	0.0016	0.0032
Feb-20	1.8203	0.0016	0.0023
Mar-20	1.8089	0.0016	0.0017
Apr-20	1.7938	0.0016	0.0013
May-20	1.7845	0.0013	0.0007
Jun-20	1.7795	0.0011	0.0003
Jul-20	1.7816	0.0009	-0.0001
Aug-20	1.7845	0.0007	-0.0004
Sep-20	1.7878	0.0008	-0.0003
Oct-20	1.7905	0.0007	-0.0003
Nov-20	1.7928	0.0009	0.0002
Dec-20	1.7938	0.0009	0.0005
Jan-21	1.7970	0.0010	0.0005

Sprague HeatCurve Oct 2019-Apr 2020		\$1.8185	
Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent-	\$54.8700	\$0.4000
Crude - Brent	WTI Spread	\$58.6400	\$0.4100
Natural Gas	\$3.77	\$2.2000	-\$0.0320
Gasoline		\$1.6568	\$0.0204



December 2019 ULSD Crack Spread



September 2019 RBOB Crack Spread

