

Market Commentary

Recap: Oil prices rebounded on Tuesday, finding support on calming U.S.-China trade-war fears and as prospects for a deal that would allow Iran to resume some of its crude exports appeared to dim. Both WTI and Brent opened the session trading higher on the day and continued to climb higher up to and after the settlement period. October WTI rose to a session high of \$55.09 a barrel, for a gain of \$1.45, or 2.7%. October Brent peaked the session at \$59.62 a barrel, for a gain of \$1.92, or 1.5%. Gains were slightly pared, with October WTI settling at \$54.93 a barrel, up \$1.29, or 2.4%, and October Brent tacking on 81 cents, or 1.38%, to settle at \$59.51 a barrel. October RBOB rose 2.1% to \$1.6499 a gallon, while October heating oil added 1.3% to \$1.8159 a gallon.

Technical Analysis: WTI continues to trade in a period of consolidation, while holding within the descending channel that can be depicted on a daily spot continuation chart. The short-term trend remains to the downside, as long as WTI remains below \$57.00. The 10-day moving average, which is currently set at \$55.09, has proven to be a pivotal number and held up as an area of resistance for Tuesday's trading. We would look for retreats on failures to trade above this technical indicator, with opportunities to test \$53.00. Breaks above this level open up the opportunity for a run at \$57.00, with breaks above this level shifting the short-term outlook to the upside. Support is set at \$53.00 and below that at \$52.50. To the upside, resistance above \$55.00 is set at \$56.41, the channel top.

Fundamental News: Iran's President, Hassan Rouhani, said Iran will not talk to the US until all sanctions imposed on Iran are lifted. On Monday, US President, Donald Trump, said he would meet Iran's President under the right circumstances to end a confrontation that began when the US pulled out of Iran's 2015 nuclear deal with six powers and reimposed sanctions on the country. He also said talks were underway to see how countries could open credit lines to keep Iran's economy afloat. Iran's President said "Iran was always ready to hold talks. But first the US should act by lifting all illegal, unjust and unfair sanctions imposed on Iran."

Iran's Oil Minister, Bijan Zanganeh, said Iran can lift its oil production back to the level it was at before US sanctions were imposed within three days.

Canada's Suncor Energy Inc called for a halt to the conversion of the Enbridge Inc Mainline to long-term delivery contracts from monthly bookings, saying the plan takes unfair advantage of limited pipeline capacity. Meanwhile, Canadian Natural Resources Ltd joined a number of other firms asking Canada's National Energy Board to intervene in Enbridge Inc's plan to overhaul shipping contracts on its Mainline pipeline network. Canadian Natural's letter to the NEB, filed late Monday, calls on the regulator to delay Enbridge's proposal to switch to long-term, fixed volume contracts on 90% of the Mainline. Canadian shippers have complained the switch to fixed contracts would enable US refiners downstream to secure most of the Mainline capacity, and tie producers into delivering crude to the Midwest region at the expense of other markets.

Colonial Pipeline Co is allocating space for Cycle 51 shipments on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina.

The Pony Express pipeline increased its flow to nearly 430,000 bpd from about 69,000 bpd. Initial increased power consumption was observed on Monday afternoon. Pipeline flow is currently averaging an estimated 400,000 bpd this week so far.

Early Market Call - as of 9:00 AM EDT

WTI - Oct \$55.74, up 81 cents

RBOB - Sep \$1.6583, up 78 points

HO - Sep \$1.8399, up 2.16 cents

All NYMEX | Prior Settlements

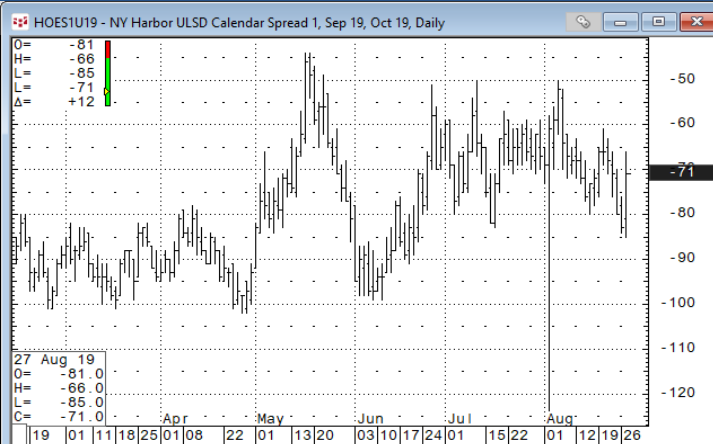
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-19	1.8159	0.0235	-0.0384
Oct-19	1.8230	0.0223	-0.0376
Nov-19	1.8260	0.0215	-0.0375
Dec-19	1.8273	0.0210	-0.0373
Jan-20	1.8281	0.0205	-0.0364
Feb-20	1.8226	0.0197	-0.0352
Mar-20	1.8115	0.0188	-0.0341
Apr-20	1.7973	0.0188	-0.0327
May-20	1.7888	0.0189	-0.0317
Jun-20	1.7836	0.0188	-0.0316
Jul-20	1.7858	0.0188	-0.0309
Aug-20	1.7889	0.0187	-0.0299
Sep-20	1.7922	0.0185	-0.0287
Oct-20	1.7949	0.0180	-0.0276
Nov-20	1.7973	0.0178	-0.0260
Dec-20	1.7985	0.0177	-0.0250
Jan-21	1.8010	0.0172	-0.0246

Sprague HeatCurve Oct 2019-Apr 2020		\$1.8210
Other Front Month NYMEX	Close	Change
Crude - WTI	\$54.9300	\$1.2900
Crude - Brent	\$59.5100	\$0.8100
Natural Gas	\$2.2020	-\$0.0280
Gasoline	\$1.6499	\$0.0334

API Weekly Report for the Week Ending August 23, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 11.1million barrels	Down 2.1 million barrels
Cushing, OK Crude Stocks	Down 2.1 million barrels	Down 2.714 million barrels
Gasoline Stocks	Down 349,000 barrels	Down 388,000 barrels
Distillate Stocks	Down 2.5 million barrels	Up 918,000 barrels
Refinery Runs	Up 40,000 bpd	Down 0.3% at 95.9%

NYMEX Heating Oil Sep-Oct Spread



NYMEX RBOB Sep-Oct Spread

