

Market Commentary

Recap: WTI rose by almost 2% on Thursday, adding to gains posted the previous session after the unexpected large drop in U.S. crude oil inventories, and as China's commerce ministry quelled worries over the escalating U.S. - China trade war, as traders kept their eyes on Hurricane Dorian, which, for now, is expected to stay away from the Gulf of Mexico. October WTI traded at a session high of \$56.89 a barrel, up \$1.11, or 1.9%, while the soon to expire October Brent created a double top to trade at \$61.00 a barrel, for a gain of 51 cents, or 0.8%. Gains were pared, with October WTI settling at \$56.71 a barrel, up 93 cents, or 1.67%, the highest settlement for a spot contract since August 13. October Brent added 59 cents, or 1%, to settle at \$61.08 a barrel. September RBOB rose 0.1% to \$1.6847 a gallon, while October heating oil added 0.7% at \$1.864. The September contracts are set to expire at the settlement on Friday.

Technical Analysis: WTI broke out of and settled above the descending channel that appears on a daily spot continuation chart, setting the pace for additional moves higher. If WTI could muster enough strength to settle above \$57.08, the current 200-day moving average, we could see a run toward \$57.50, the 38% retracement provided by the October 2018 high of \$79.65 and the December 2018 low of \$43.81. Above this level, additional resistance is set at \$58.96 and above that at \$60.00. Support is set at \$56.58 and below that at \$55.32.

Fundamental News: The Trump administration on Thursday proposed rescinding Obama-era limits on oil and gas industry emissions of methane, one of the main pollutants linked to climate change. The EPA estimated that easing a 2016 regulation that specifically targeted methane emissions from oil and gas wells, pipelines and storage would save energy companies up to \$123 million through 2025. The plan will undergo a period of public comment before being finalized, and environmental groups pledged court action to try to block repeal of the limits. Separately, President Donald Trump said his administration is planning a "giant package" related to ethanol that would please US farmers, who are angry about the EPA's decision to grant 31 waivers to refineries from using ethanol.

Russia's oil output increased to 11.31 million bpd in August 1-28, according to sources familiar with the data. Its production level was over the rate Russia pledged to cap its output under the OPEC and non-OPEC agreement, which was around 11.17 million bpd.

Iraq's crude oil exports from its southern ports on the Gulf totaled around 3.482 million bpd so far in August. Exports from the southern Basra terminals reached 3.435 million bpd in July, up from 3.39 million bpd in the previous month.

Refinitiv ship tracking data showed that Iranian tanker, Adrian Darya, at the center of a dispute between the US and Iran, has changed course away from the Turkish coast. The tanker, formally called Grace 1, was released from detention off Gibraltar in mid-August after a five-week standoff over whether it was carrying Iranian oil to Syria in violation of European Union sanctions.

The US military said a US Navy destroyer sailed near islands claimed by China in the South China Sea on Wednesday, a move that China condemned as an illegal attempt by the US at "maritime hegemony."

Gasoline stocks held in independent storage in the Amsterdam-Rotterdam-Antwerp refining and storage hub in the week ending August 29th increased by 2.73% on the week and by 39.37% on the year to 1.055 million tons. Gasoil stocks fell by 0.83% on the week but increased by 12.99% on the year to 2.758 million tons, while fuel oil stocks increased by 3.02% on the week and by 16.15% on the year to 1.194 million tons.

Early Market Call - as of 8:25 AM EDT

WTI - Oct \$56.10, down 60 cents

RBOB - Sep \$1.5590, down 1.54 cents

HO - Sep \$1.8608, down 92 points

All NYMEX | Prior Settlements

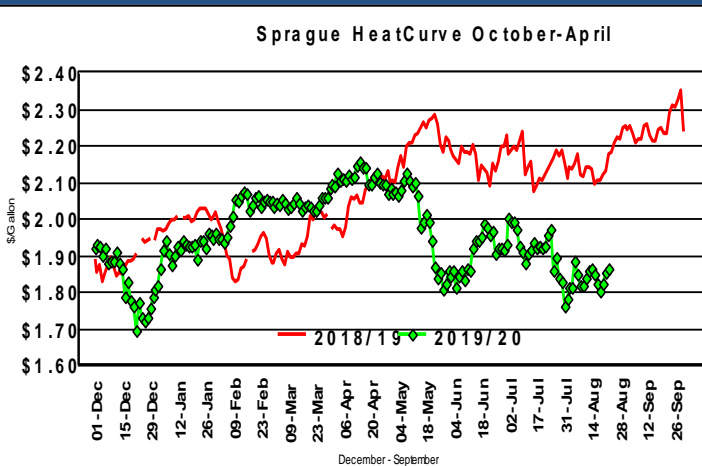
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-19	1.8640	0.0130	0.0227
Oct-19	1.8700	0.0125	0.0216
Nov-19	1.8716	0.0123	0.0192
Dec-19	1.8724	0.0127	0.0181
Jan-20	1.8721	0.0124	0.0170
Feb-20	1.8650	0.0121	0.0154
Mar-20	1.8517	0.0118	0.0135
Apr-20	1.8359	0.0115	0.0129
May-20	1.8256	0.0112	0.0117
Jun-20	1.8188	0.0107	0.0102
Jul-20	1.8196	0.0105	0.0094
Aug-20	1.8215	0.0103	0.0089
Sep-20	1.8236	0.0100	0.0085
Oct-20	1.8252	0.0097	0.0080
Nov-20	1.8268	0.0094	0.0083
Dec-20	1.8273	0.0094	0.0083
Jan-21	1.8292	0.0092	0.0079

Sprague HeatCurve Oct 2019-Apr 2020			\$1.8643
Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent-	\$56.7100	\$0.9300
Crude - Brent	WTI Spread	\$61.0800	\$0.5900
Natural Gas	\$4.37	\$2.2960	\$0.0740
Gasoline		\$1.6847	\$0.0023

EIA Working Gas Storage Report

	23-Aug-19	16-Aug-19	Change	Year Ago
East	682	660	22	633
Midwest	790	760	30	664
Mountain	173	168	5	156
Pacific	278	274	4	240
South Central	934	935	-1	801
Salt	199	205	-6	188
Nonsalt	736	730	6	612
Total	2,857	2,797	60	2,494

Sprague HeatCurve October-April



ICE October Brent-WTI Spread

