

Market Commentary

Recap: Oil prices eased on Friday, with WTI falling almost 4% ahead of a hurricane near the Florida coast that could dampen demand, but prices were still headed for the biggest weekly increase since early July, boosted by an easing of U.S.-China trade rhetoric. Adding to the pressure was a statement by Russia's energy minister, stating that his country's output cuts in August will be slightly smaller than those agreed to under the deal between OPEC and non-OPEC producers. October WTI fell \$2.16 cents, 3.8%, to \$54.55 a barrel by 11:14 EST, while October Brent fell 78 cents, or 1.3%, to a session low of \$60.30 a barrel. Oil prices have fallen by around 20% since they hit a 2019 peak in April, in part because of concerns that the U.S.-China trade war could hurt the global economy and soften demand for oil. In August alone, Brent was set for a monthly drop of 7.4%, and WTI was on track to lose 6.3%. October WTI fell \$1.61, or 2.8%, to settle at \$55.10 a barrel. It's been a tough August for crude, with the commodity slipping into a bear market. Front-month prices for the U.S. benchmark suffered a 5.9% monthly decline, according to Dow Jones Market Data. October Brent crude which expired at the end of the session, ended at \$60.43, down 65 cents, or 1.1%. The contract saw a weekly rise of 1.8% and a monthly decline of 7.3%. November Brent, which became the front-month at the settlement, lost \$1.24, or 2.1%, to settle at \$59.25 a barrel. September RBOB fell 4.2% to \$1.6134 a gallon, with the contract posting a monthly loss of 15%, while September heating oil fell 1.9% at \$1.8282 a gallon, for a loss of 6.5% for the month. The September contracts expired at the day's settlement.

Technical Analysis: After trading above the upper trend line on the descending channel on Thursday, October WTI failed to validate the break with a second settlement above this line on Friday. This, in conjunction with failing to hold above the 50 and 10-day moving averages, weakened long positions. At this point in time we would consider this market to be quite delicate in its reaction to the U.S.-China trade dispute and therefore look for continued sideways trading between \$57.00 and \$52.50. Above the \$57.00 level, additional resistance is set at \$58.96 and above that at \$60.00. Support is seen at \$52.96 and below that at \$52.00.

Fundamental News: Baker Hughes reported US energy firms reduced the number of oil rigs operating in the latest week, with the rig count declining for the ninth consecutive month to its lowest level since January last year. Driller cut 12 oil rigs in the week ending August 30th, bringing the total count down to 742.

The EIA reported that US crude oil output in June fell by 33,000 bpd to 12.08 million bpd in June.

According to a Reuters survey, OPEC's oil output increased in August for the first month this year as higher supply from Iraq and Nigeria outweighed restraint by Saudi Arabia and losses caused by US sanctions on Iran. OPEC produced a total of 29.61 million bpd in August, up 80,000 bpd on the month. In August, the 11 OPEC members bound by the output cut agreement, achieved 136% of pledged cuts, down from 150% in July.

Russia's Energy Minister, Alexander Novak, said Russia's oil output in August was slightly higher than levels agreed under its output deal with OPEC and non-OPEC producers. However, he said the country was still aiming to fully comply with the agreement. OPEC and non-OPEC's joint monitoring committee will meet on September 12th to discuss the market and the global oil output deal in general.

IIR Energy reported that US oil refiners are expected to shut in 107,000 bpd of capacity in the week ending August 30th, increasing available refining capacity by 148,000 bpd from the previous week. Offline capacity is expected to increase to 159,000 bpd in the week ending September 6th and increase to 637,000 bpd in the week ending September 13th.

Early Market Call - as of 9:00 AM EDT

WTI - Oct \$53.75, down \$1.37

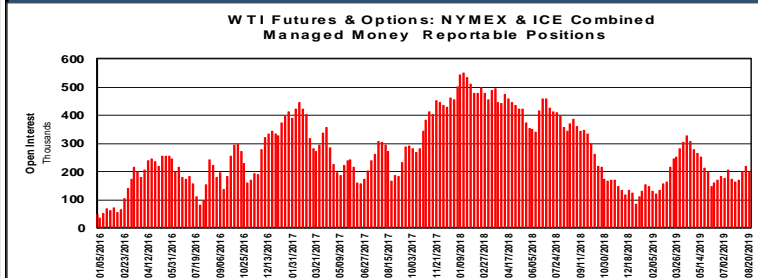
RBOB - Oct \$1.4658, down 6.45 cents

HO - Oct \$1.7862, down 5.08 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-19	1.8282	-0.0358	0.0126
Oct-19	1.8373	-0.0327	0.0138
Nov-19	1.8396	-0.0320	0.0122
Dec-19	1.8403	-0.0321	0.0109
Jan-20	1.8398	-0.0323	0.0088
Feb-20	1.8325	-0.0325	0.0064
Mar-20	1.8193	-0.0324	0.0039
Apr-20	1.8034	-0.0325	0.0024
May-20	1.7935	-0.0321	0.0015
Jun-20	1.7870	-0.0318	0.0004
Jul-20	1.7879	-0.0317	-0.0005
Aug-20	1.7900	-0.0315	-0.0011
Sep-20	1.7925	-0.0311	-0.0017
Oct-20	1.7945	-0.0307	-0.0021
Nov-20	1.7966	-0.0302	-0.0018
Dec-20	1.7975	-0.0298	-0.0017
Jan-21	1.7997	-0.0295	-0.0021

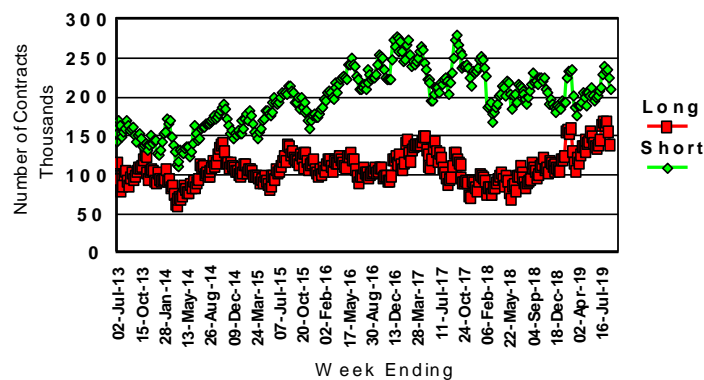
Sprague HeatCurve Oct 2019-Apr 2020			\$1.8319
Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent-	\$55.1000	-\$1.6100
Crude - Brent	WTI Spread	\$60.4300	-\$0.6500
Natural Gas	\$5.33	\$2.2850	-\$0.0110
Gasoline		\$1.6134	-\$0.0713



Commitment of Traders Report for the Week Ending August 27, 2019

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

