

Market Commentary

Recap: Trading was mixed on Wednesday, with WTI trading higher in early trading before the U.S. government reported a weekly decrease in domestic crude supplies, the first in three weeks, but the decline was smaller than the market expected, and as a result WTI slipped. Brent opened the session higher and held on to early gains. October WTI was trading at \$56.86 a barrel, up 73 cents shortly before the supply data, but fell upon the release of the report. The October Brent was up \$1.03 at \$61.06 a barrel, but slipped 26 cents after the numbers were released, but managed to maintain gains. WTI continued to slide throughout the session, while Brent held onto early gains. October WTI settled at \$55.68 a barrel, down 45 cents, or 0.80%. The EIA on Wednesday reported that U.S. crude supplies fell by 2.7 million barrels for the week ended August 16. That followed increases in each of the previous two weeks. Analysts polled expected a decline of 3.1 million barrels, while the API on Tuesday reported a 3.5 million-barrel decrease. Gasoline stocks rose by 312,000 barrels, while distillate supplies grew by 2.6 million barrels. September RBOB rose 1.3 cents, or 0.8%, to \$1.6938 a gallon, while September heating oil added nearly half a cent, or 0.2%, to \$1.8573 a gallon.

Technical Analysis: October WTI rose toward \$57.34, the 200-day moving average, but failed to reach it. With this spot contract building a base around \$55.25, we would look for buyers to become active on bounces off of this level, with continued attempts to take out the 200-day moving average. Above this level, additional resistance is set at \$58.01. Breaks below \$55.25 open up the opportunity for a run at \$54.00.

Fundamental News: Iran's President, Hassan Rouhani, said if Iran's oil exports are cut to zero, international waterways will not have the same security as before. He made his comments during a meeting with Supreme Leader Ayatollah Ali Khamenei.

Meanwhile, Iran's Foreign Minister, Mohammad Javad Zarif, said Iran may act "unpredictably" in response to the US' "unpredictable" policies under US President Donald Trump. He said Gulf Arab states should not seek to "buy security from outside" and denounced sending naval forces to the Gulf. So far, Britain, Australia and Bahrain have joined the US-led security mission to protect merchant vessels travelling through Middle East waterways. Separately, Iran's Foreign Minister said that Iran would continue its commitment to the nuclear non-proliferation treaty.

IIR Energy reported that US oil refiners are expected to shut in 59,000 bpd of capacity in the week ending August 23rd, increasing available refining capacity by 155,000 bpd from the previous week. Offline capacity is expected to remain unchanged at 59,000 bpd in the week ending August 30th.

Euroilstock reported that European refinery production in July increased by 6.1% on the month but fell by 3.4% on the year to 10.813 million bpd.

Greece's Deputy Foreign Minister, Miltiades Varvitsiotis, said the country will not facilitate an Iranian tanker sailing in the Mediterranean to deliver oil to Syria. Meanwhile, Iran's state news agency, IRNA, reported that an Iranian oil tanker has broken down in the Red Sea but the crew are safe and repairs are underway.

The Abu Dhabi National Energy Co said its Iraq-based unit had set a "production record" from the Atrush oilfield in the northern Kurdistan region. It said that for the first time since the field started operations in July 2017, the total monthly production volume exceeded 1 million barrels of oil in July.

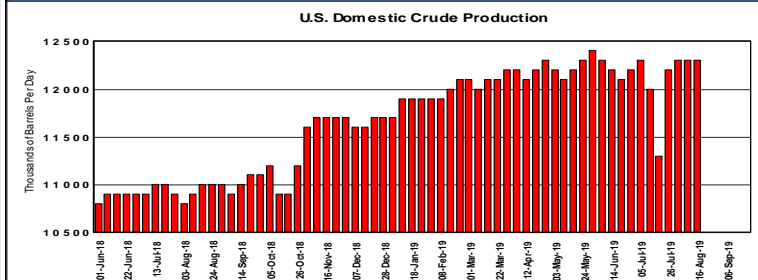
Early Market Call - as of 8:20 AM EDT

WTI - Oct \$56.08, up 41 cents
 RBOB - Sep \$1.6985, up 58 points
 HO - Sep \$1.8604, up 31 points

All NYMEX | Prior Settlements

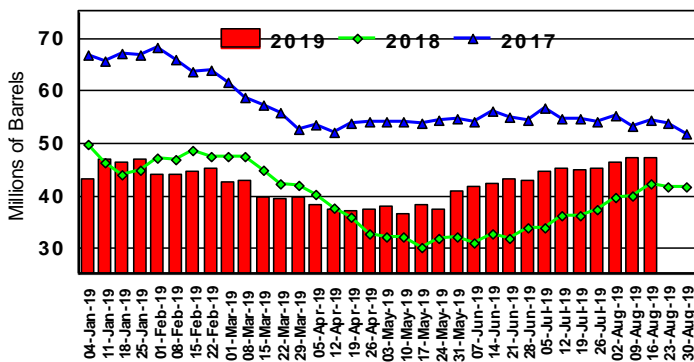
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-19	1.8573	0.0030	0.0136
Oct-19	1.8641	0.0035	0.0127
Nov-19	1.8677	0.0042	0.0124
Dec-19	1.8692	0.0046	0.0119
Jan-20	1.8695	0.0050	0.0110
Feb-20	1.8631	0.0053	0.0096
Mar-20	1.8509	0.0053	0.0089
Apr-20	1.8350	0.0050	0.0085
May-20	1.8252	0.0047	0.0081
Jun-20	1.8194	0.0042	0.0074
Jul-20	1.8207	0.0040	0.0064
Aug-20	1.8226	0.0038	0.0054
Sep-20	1.8245	0.0036	0.0042
Oct-20	1.8259	0.0034	0.0030
Nov-20	1.8266	0.0033	0.0017
Dec-20	1.8267	0.0032	0.0008
Jan-21	1.8286	0.0030	-0.0003

Sprague HeatCurve Oct 2019-Apr 2020		\$1.8617
Other Front Month NYMEX		Close
Crude - WTI	Oct Brent- WTI Spread	\$55.6800
Crude - Brent		\$60.3000
Natural Gas	\$4.62	\$2.1700
Gasoline		\$1.6938
		Change
		-\$0.4500
		\$0.2700
		-\$0.0480
		\$0.0127



Weekly EIA Petroleum Status Report for the Week Ending August 16, 2019

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 2.732 million barrels
 Cushing, OK Crude Stocks Down 2.485 million barrels
Gasoline Stocks Up 312,000 barrels
Distillate Stocks Up 2.61 million barrels
Refinery % Operated 95.9%, up 1.1%

PADD #1

Distillate Stocks (in million bbls)	Week Ending August 16, 2019	Week Ending August 9, 2019	Week Ending August 17, 2018
New England	7.9	7.4	6.4
Central Atlantic	26.6	26.1	22.1
Total PADD #1	47.0	47.2	42.2
Distillate Imports (thousands b/d)	128	98	49

This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.