

Market Commentary

Recap: Oil prices weakened on Thursday, pressured by worries about the global economy and lower equity markets, as uncertainty over the outlook for U.S. interest rate cuts left investors on edge. Traders were still focused on the EIA report released Wednesday, which showed a 2.7 million barrel decrease, smaller than expected and followed two consecutive weeks of gains. October WTI fell 33 cents, or 0.6%, to settle at \$55.35 a barrel. Prices, based on the front-month contract, trade about 1% higher than the week-ago finish, but down 5.5% for the month so far. October Brent shed 38 cents, or 0.6%, to \$59.92 a barrel, logging its first decline in five sessions. September RBOB fell 1.6% at \$1.6675 a gallon, while September heating oil settled at \$1.8413 a gallon, down 0.9%

Technical Analysis: October WTI encountered selling pressure up around the 50-day moving average, currently set at \$56.40. With this spot contract retreating from the aforementioned level and settling below the short-term ascending trend line currently set at \$55.65, we should see continued pressure at the onset of Friday's trading session. Support rests at \$54.80 and below that at \$53.87. To the upside resistance is set at \$56.40 and above that at \$56.84. A settle above \$56.84 opens up the opportunity for a run at \$57.90.

Fundamental News: Libya's El Sharara oil field is pumping between 280,000 bpd and 300,000 bpd, according to a field engineer.

The UK's Buzzard oil field will be shut down for maintenance during the first week of September.

Crude pipeline flows from North Dakota's Bakken shale field increased to the highest level in six months after the June closure of the Philadelphia Energy Solution refinery cut crude-by-rail volumes. According to traders and Genscape, Bakken pipeline volumes over the past eight weeks reached as much as 980,000 bpd, utilizing more than 90% of its takeaway capacity for the first time since February. It is up from 874,000 bpd in the three weeks before the PES refinery fire.

Iran's Foreign Minister, Mohammad Javad Zarif, said Iran is prepared to work on French proposals to salvage the international nuclear deal that Iran signed with world powers in 2015. French President, Emmanuel Macron, offered to either soften sanctions on Iran or provide "a compensation mechanism to enable the Iranian people to live better" in return for full compliance with the pact. Iran's Foreign Minister also stated that Iran will not start a war in the Gulf but it will defend itself.

Oil traders exited bearish options trades in US crude this week, after the market rapidly shifted to reflect tighter supplies at the Cushing, Oklahoma storage hut over the past month. With new pipelines flowing out of the Permian Basin to the US Gulf Coast, shipments to Cushing, Oklahoma are expected to fall. Inventories have already declined for the seventh consecutive week, at a faster-than-expected rate. Trading in US crude spreads, a proxy for expected inventories in Cushing, has been roiled, leaving traders scrambling to ensure they are not caught on the wrong side of the rally. The volatility has extended to the calendar spread options markets as well. The spread between October and November WTI has widened to as much as a 48 cent premium this week, the highest level since May, after trading a discount just three weeks earlier, a signal that supplies are expected to tighten quickly by October.

Early Market Call - as of 8:00 AM EDT

WTI - Oct \$54.91, down 44 cents

RBOB - Sep \$1.65, down 1.74 cents

HO - Sep \$1.8192, down 2.14 cents

All NYMEX | Prior Settlements

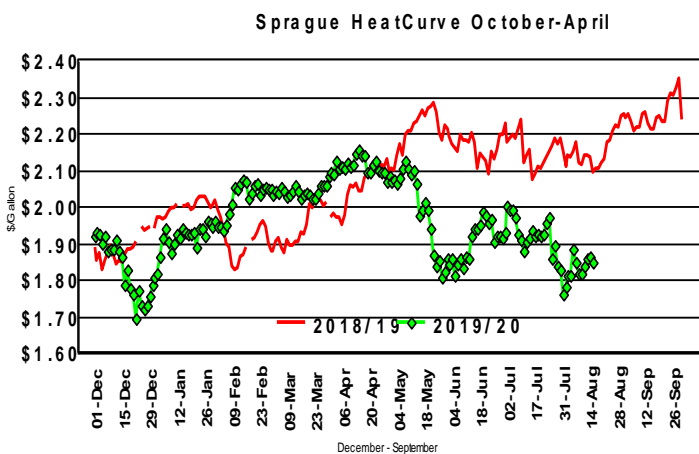
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-19	1.8413	-0.0160	0.0306
Oct-19	1.8484	-0.0157	0.0298
Nov-19	1.8524	-0.0153	0.0305
Dec-19	1.8543	-0.0149	0.0309
Jan-20	1.8551	-0.0144	0.0308
Feb-20	1.8496	-0.0135	0.0309
Mar-20	1.8382	-0.0127	0.0309
Apr-20	1.8230	-0.0120	0.0308
May-20	1.8139	-0.0113	0.0307
Jun-20	1.8086	-0.0108	0.0302
Jul-20	1.8102	-0.0105	0.0295
Aug-20	1.8126	-0.0100	0.0288
Sep-20	1.8151	-0.0094	0.0281
Oct-20	1.8172	-0.0087	0.0274
Nov-20	1.8185	-0.0081	0.0266
Dec-20	1.8190	-0.0077	0.0261
Jan-21	1.8213	-0.0073	0.0253

Sprague HeatCurve Oct 2019-Apr 2020			\$1.8477
Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent-	\$55.3500	-\$0.3300
Crude - Brent	WTI Spread	\$59.9200	-\$0.3800
Natural Gas	\$4.57	\$2.1590	-\$0.0110
Gasoline		\$1.6675	-\$0.0263

EIA Working Gas Storage Report

	16-Aug-19	09-Aug-19	Change	Year Ago
East	660	634	26	608
Midwest	760	729	31	629
Mountain	168	164	4	153
Pacific	274	272	2	238
South Central	935	939	-4	799
Salt	205	214	-9	191
Nonsalt	730	725	5	609
Total	2,797	2,738	59	2,428

Sprague HeatCurve October-April



ICE October Brent-WTI Spread

