

Market Commentary

Recap: Oil prices gave up early gains to trade mostly lower on Monday after France's president boosted hopes that a deal between the U.S. and Iran could be struck however; losses were limited by growing hopes that the U.S. and China could meet a trade deal that would be satisfactory to both countries. October WTI fell \$1.21 or 2.2% to trade at a session low of \$52.96 a barrel, while Brent for October delivery slipped as much as \$1.07, or 1.8, to \$58.27 a barrel. After paring losses, October WTI lost 53 cents, or 1%, to settle at \$53.64 a barrel, posting a fourth straight session decline. October Brent fell by 64 cents, or 1.1%, to \$58.70 a barrel. September RBOB shed 1.6% to \$1.6165 a gallon, while September heating oil fell 1.3% to \$1.7924 a gallon.

Technical Analysis: October WTI rebounded off its low of the day, but was unable to trade above \$55.32, the 10-day moving average. This prompted day traders to exit length put on above \$53.70 and \$54.25. Prices continue to consolidate, within an intermediary descending channel, with ever weakening attempts to trade higher. We would look for continued consolidation within the channel, with a bias toward the lower line. At this point in time, we do not see this market have success below this line, and therefore would look to be buyers on failed attempts to trade below it. Support is set at \$53.00 and below that at \$52.50. To the upside, resistance is set at \$55.32, and the top of the channel, which is currently \$56.56.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Friday, August 23rd fell by 2,714,382 barrels and by 1,208,646 barrels from Tuesday, August 20th to 42,662,814 barrels.

IIR Energy reported that US oil refiners are expected to shut in 60,000 bpd of capacity in the week ending August 30th, increasing available refining capacity by 195,000 bpd from the previous week. Offline capacity is expected to increase to 159,000 bpd in the week ending September 6th.

IRIB news agency quoted an Iranian government spokesman that Iran sold the oil from a tanker released by Gibraltar after weeks in custody of British Royal Marines and the vessel's owner will decide on its next destination. The Iranian official did not identify the recipient of the oil carried by the Adrian Darya tanker.

US President Donald Trump appeared to leave a window for diplomacy with Iran after French President, Emmanuel Macron invited Iran's Foreign Minister, Mohammad Javad Zarif, to the G7 meeting in an effort to reduce US-Iranian tensions. President Trump said it was realistic to think that a meeting with Iran's President Hassan Rouhani could happen in the coming weeks. Iran's Foreign Minister held talks with Macron and British and German officials before returning home. US President, Donald Trump, said he wanted to see a strong Iran and was not seeking regime change in Iran. He said there had been "great unity" among G7 leaders on the question of how to deal with Iran and they had "more or less" come to a conclusion. However, German Chancellor, Angela Merkel, sitting beside him, said that while she and Trump had productive talks on Iran there was still a long way to go on the issue. She said G7 leaders had taken a big step forward in their efforts to avoid an escalation of tensions with Iran over its nuclear program.

In regards to China, President Donald Trump, said that trade negotiations with China were in a much better position than at any time and when asked if he could delay planned tariffs on Chinese goods, he replied "anything is possible."

China's Foreign Ministry said it is ready to take more steps to protect its interests if the US moves ahead in enacting new tariffs.

Early Market Call - as of 8:45 AM EDT

WTI - Oct \$54.23, up 59 cents

RBOB - Sep \$1.6381, up 2.11 cents

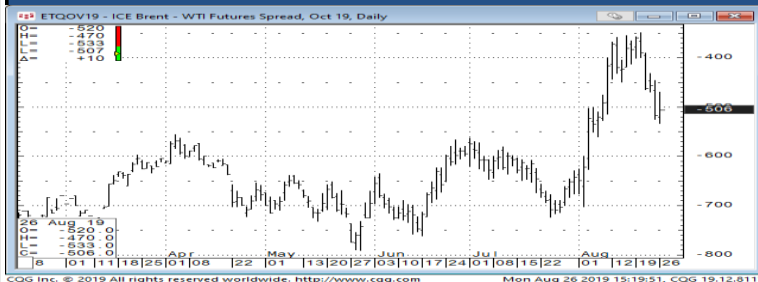
HO - Sep \$1.8022, up 76 points

All NYMEX | Prior Settlements

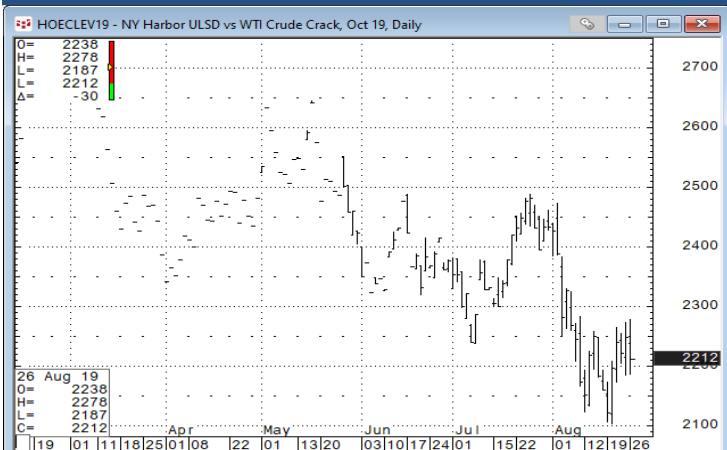
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-19	1.7924	-0.0232	-0.0407
Oct-19	1.8007	-0.0228	-0.0390
Nov-19	1.8045	-0.0229	-0.0381
Dec-19	1.8063	-0.0231	-0.0378
Jan-20	1.8076	-0.0234	-0.0371
Feb-20	1.8029	-0.0232	-0.0360
Mar-20	1.7927	-0.0227	-0.0351
Apr-20	1.7785	-0.0225	-0.0344
May-20	1.7699	-0.0221	-0.0336
Jun-20	1.7648	-0.0218	-0.0334
Jul-20	1.7670	-0.0214	-0.0328
Aug-20	1.7702	-0.0209	-0.0320
Sep-20	1.7737	-0.0205	-0.0311
Oct-20	1.7769	-0.0197	-0.0298
Nov-20	1.7795	-0.0189	-0.0286
Dec-20	1.7808	-0.0184	-0.0276
Jan-21	1.7838	-0.0180	-0.0272

Sprague HeatCurve Oct 2019-Apr 2020		\$1.8008	
Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent-	\$53.6400	-\$0.5300
Crude - Brent	WTI Spread	\$58.7000	-\$0.6400
Natural Gas	\$5.06	\$2.2300	\$0.0780
Gasoline		\$1.6165	-\$0.0263

ICE October Brent-WTI Spread



October Heating Oil Crack Spread



October RBOB Crack Spread

