

Market Commentary

Recap: Oil prices rocketed more than 3% on Wednesday after the EIA inventory report indicated that U.S. crude oil stockpiles fell by 10 million barrels during the week ending August 23. Analysts were expecting a drop of 2.1 million barrels. October WTI rose to a session high of \$56.75 a barrel, a gain of \$1.82, or 3.3%, while October Brent topped the session at \$61.00, for a gain of \$1.49, or 2.5%. The unresolved trade war between the U.S. and China worked to limit gains, with both WTI and Brent paring gains prior to the settlement period. October WTI rose 85 cents, or 1.6%, to settle at \$55.78 a barrel. Prices settled at their highest in just over a week. October Brent added 98 cents, or 1.7%, at \$60.49 a barrel. Although both WTI and Brent recorded their biggest daily gains in eleven sessions on Wednesday, they are headed for monthly losses of around 7% and 4%, respectively, weighed down by trade barriers between the world's two biggest oil consumers. Products also posted significant gains, as U.S. gasoline inventories fell 2.1 million barrels, compared to expectations for a 388,000 barrel drop and distillate inventories falling 2.1 million as well, compared to the expected 918,000 barrel increase. October RBOB rose 2% to \$1.6824 a gallon, while October heating oil gained 1.9% to \$1.851 a gallon.

Technical Analysis: After blasting through the 10-day moving average currently set at \$55.13, October WTI traded above the upper trend line on the descending channel that can be depicted on a daily spot continuation chart, but failed to settle above it. With moving oscillators crossing to the upside in neutral territory, we would look for attempts to settle above this trend line, however, we are not overly enthusiastic, as we believe the trade tensions will keep prices contained. We would look for advancements toward the 200-day moving average currently set at \$57.11, but would expect to see some heavy selling at this level. Resistance above the 200-day moving average is set at \$58.96 and above that at \$60.00. Support is seen near the 50-day moving average currently set at \$56.54 and below that at \$55.14, the current 10-day moving average.

Fundamental News: US Secretary of Agriculture, Sonny Purdue, said President Donald Trump will deliver news on how to move forward in mitigating the impact of biofuel waivers issued to oil refiners. The Trump administration has called on Cabinet members to come with a plan after the US EPA's decision to grant 31 biofuel waivers to small oil refineries caused an uproar among US farmers.

Morgan Stanley lowered its oil price forecasts for the rest of the year citing a weaker economic outlook, lower demand and higher shale growth that could offset OPEC's efforts to support the market. The US bank cut its 2019 Brent price forecast to \$60/barrel from a previous estimate of \$65/barrel. It also cut its WTI outlook for the third and fourth quarters of this year to \$55/barrel from a previous forecast of \$58/barrel. Morgan Stanley also lowered its 2019 oil demand growth outlook to 800,000 bpd from 1 million bpd and its 2020 forecast to 1 million bpd from 1.4 million bpd. It estimates that US total liquids production growth will slow from 2.2 million bpd in 2018 to 1.8 million bpd in 2019 to 1.6 million bpd in 2020.

IIR Energy said 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.

The former chief executive officer of Philadelphia Energy Solutions, Phillip Rinaldi, and RNG Energy Solutions are jointly pursuing the purchase of a 335,000 bpd PES refinery, which was shut after a June fire.

Early Market Call - as of 8:20 AM EDT

WTI - Oct \$56.26, up 48 cents

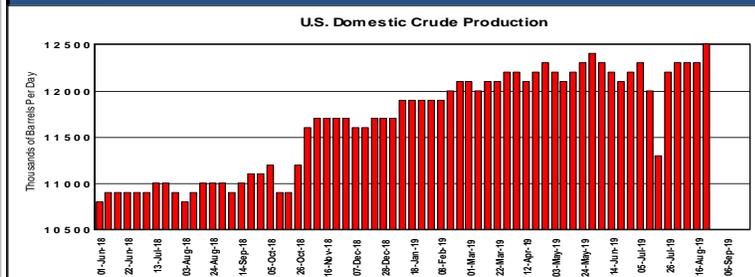
RBOB - Sep \$1.6841, up 24 points

HO - Sep \$1.86, up 96 points

All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-19	1.8510	0.0351	-0.0063
Oct-19	1.8575	0.0345	-0.0066
Nov-19	1.8593	0.0333	-0.0084
Dec-19	1.8597	0.0324	-0.0095
Jan-20	1.8597	0.0316	-0.0098
Feb-20	1.8529	0.0303	-0.0102
Mar-20	1.8399	0.0284	-0.0110
Apr-20	1.8244	0.0271	-0.0106
May-20	1.8144	0.0256	-0.0108
Jun-20	1.8081	0.0245	-0.0113
Jul-20	1.8091	0.0233	-0.0116
Aug-20	1.8112	0.0223	-0.0114
Sep-20	1.8136	0.0214	-0.0109
Oct-20	1.8155	0.0206	-0.0104
Nov-20	1.8174	0.0201	-0.0092
Dec-20	1.8179	0.0194	-0.0088
Jan-21	1.8200	0.0190	-0.0086

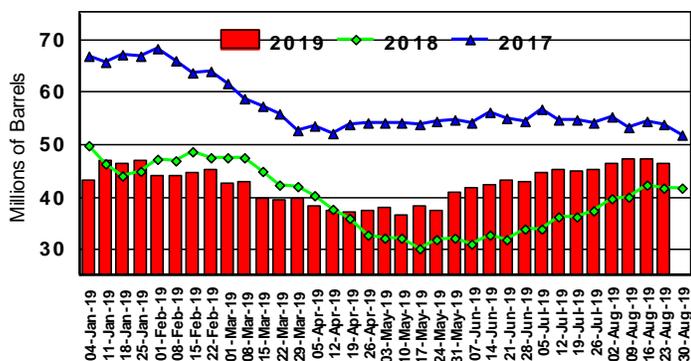
Sprague HeatCurve Oct 2019-Apr 2020		\$1.8521
Other Front Month NYMEX	Close	Change
Crude - WTI	\$55.7800	\$0.8500
Crude - Brent	\$60.4900	\$0.9800
Natural Gas	\$2.2510	\$0.0490
Gasoline	\$1.6824	\$0.0325



Weekly EIA Petroleum Status Report for the Week Ending August 23, 2019

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 10.027 million barrels

Cushing, OK Crude Stocks Down 1.98 million barrels

Gasoline Stocks Down 2.09 million barrels

Distillate Stocks Down 2.063 million barrels

Refinery % Operated 95.2%, down 0.7%

PADD #1

Distillate Stocks (in million bbls)	Week Ending August 23, 2019	Week Ending August 16, 2019	Week Ending August 24, 2018
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New England 7.7 7.9 6.1

Central Atlantic 25.7 26.6 23.8

Total PADD #1 46.2 47.0 41.6

Distillate Imports (thousands b/d) 113 128 243