

Market Commentary

Recap: Oil prices fell more than 2% on Wednesday after a report that President Trump is considering easing sanctions on Iran, which could increase global crude oil supplies. A weaker demand outlook from OPEC also fed the price decline, despite U.S. government data showing a fourth straight weekly fall in domestic crude supplies. After rising by as much as 90 cents, or 1.5%, October WTI fell below \$57.00, where it gained momentum to the downside. This spot contract fell to a session low of \$55.61, a loss of \$1.79, or 3.1%, before paring losses for a settle of \$55.75 a barrel, down \$1.65, or 2.87%, the lowest settlement for a front month contract since September 3. November Brent lost \$1.57, or 2.5%, to \$60.81 a barrel, the lowest finish since Sept. 4. October RBOB fell 1.3%, to \$1.5699 a gallon, while October heating oil fell 1.5% to \$1.9032 a gallon.

Technical Analysis: The pullback in WTI pushed the October contract back below the \$57.00 level and the 200-day moving average, which is currently set at \$56.85. It appears that this market is looking for a bottom however; the \$57.00 area may prove to be a bit of a problem. If we could get another settlement above this level, it is quite possible that WTI could rise toward \$60.00. Above \$57.00, additional resistance is set at \$58.99 and \$60.95. Support is seen at \$55.00 and the 10-day moving average, which is currently set at \$52.36.

Fundamental News: According to three people familiar with the matter, President Donald Trump on Monday discussed easing sanctions on Iran to help secure a meeting with Iran's President, Hassan Rouhani later this month, prompting then-National Security Advisor, John Bolton, to argue against such a step. On Wednesday, US President, Donald Trump, left open the possibility the US could ease sanctions on Iran. He said he believes Iran wants to strike a deal with the US on its nuclear program.

Earlier, Iran's President, Hassan Rouhani, said the US should distance itself from "warmongers" after the resignation of hawkish White House National Security Adviser, John Bolton. He also urged the US to end its policy of "maximum pressure" on his country and said his country would cut its commitments to the 2015 nuclear deal further if necessary.

The EIA reported that US crude oil stocks fell last week to the lowest in nearly a year, with Cushing inventories falling for a tenth consecutive week, as refineries raised output and imports fell. Crude oil inventories fell for a fourth consecutive week, falling by 6.9 million barrels in the week ending September 6th. Refinery runs increased by 114,000 bpd on the week, while net US crude imports fell by 413,000 bpd.

In its monthly report, OPEC cut its forecast for growth in world oil demand in 2020 due to an economic slowdown. It said world oil demand would expand by 1.08 million bpd, 60,000 bpd less than it previously estimated and indicated the market would be in surplus. OPEC lowered its forecast for world economic growth in 2020 to 3.1% from 3.2% and said next year's increase in oil demand would be outpaced by "strong growth" in supply from non-OPEC producers such as the US. Demand for OPEC crude is estimated to average 29.4 million bpd in 2020, down 1.2 million bpd from this year's level. The report suggests there will be a 2020 supply surplus of 340,000 bpd, if OPEC continues producing at August's rate and other things remain equal. OPEC said its output increased in August by 136,000 bpd to 29.74 million bpd.

Iraq's Oil Minister, Thamer Gadhban, said OPEC and its allies will discuss whether there is a need for deeper cuts in oil production when they hold a ministerial meeting on Thursday.

Russia's Energy Minister, Alexander Novak, said he was concerned by the slowing global economy. He told reporters that slowing demand would be discussed at Thursday's meeting but said there were no concrete proposals so far to adjust their output.

Early Market Call - as of 9:10 AM EDT

WTI - Oct \$54.36, down \$1.38

RBOB - Oct \$1.5269, down 4.30 cents

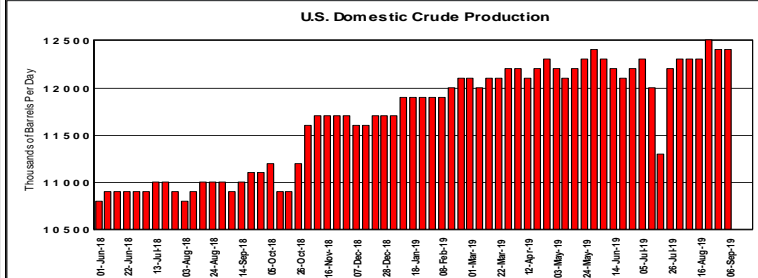
HO - Oct \$1.8584, down 4.47 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-19	1.9032	-0.0280	0.0147
Nov-19	1.9034	-0.0289	0.0142
Dec-19	1.9021	-0.0301	0.0123
Jan-20	1.8999	-0.0306	0.0112
Feb-20	1.8918	-0.0309	0.0107
Mar-20	1.8781	-0.0307	0.0101
Apr-20	1.8618	-0.0302	0.0098
May-20	1.8513	-0.0298	0.0097
Jun-20	1.8438	-0.0294	0.0098
Jul-20	1.8438	-0.0289	0.0096
Aug-20	1.8450	-0.0287	0.0092
Sep-20	1.8467	-0.0288	0.0087
Oct-20	1.8481	-0.0291	0.0084
Nov-20	1.8494	-0.0296	0.0079
Dec-20	1.8501	-0.0299	0.0078
Jan-21	1.8520	-0.0298	0.0073
Feb-21	1.8472	-0.0299	0.0054

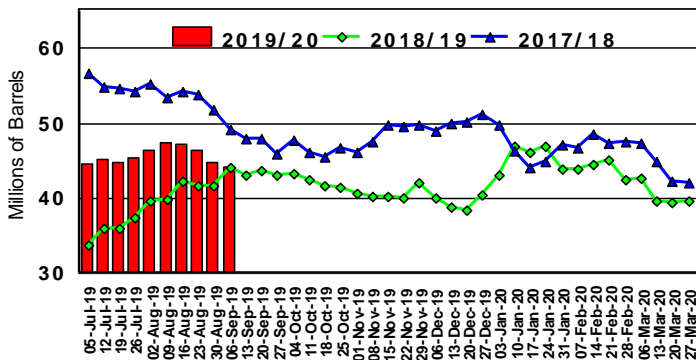
Sprague HeatCurve Oct 2019-Apr 2020 \$1.8927

Other Front Month NYMEX	Close	Change
Crude - WTI	\$55.6700	-\$1.6200
Crude - Brent	\$60.8100	-\$1.5700
Natural Gas	\$2.5520	-\$0.0280
Gasoline	\$1.5699	-\$0.0209



Weekly EIA Petroleum Status Report for the Week Ending September 6, 2019

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 6.912 million barrels

Cushing, OK Crude Stocks Down 798,000 barrels

Gasoline Stocks Down 682,000 barrels

Distillate Stocks Up 2.704 million barrels

Refinery % Operated 95.1%, up 0.3%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Sep 6, 2019	Week Ending Aug 30, 2019	Week Ending Sep 7, 2018
New England	7.8	7.8	6.1
Central Atlantic	25.5	25.4	25.6
Total PADD #1	44.1	44.6	44.1
Distillate Imports (thousands b/d)	16	109	35