

Market Commentary

Recap: A rally in oil futures faded by the end of Thursday's trading session, prompting U.S. prices to erase nearly all of their earlier gains as plans for U.S.-China trade talks next month failed to fully calm nervousness over the outlook for the global economy. With U.S. oil inventories falling across the board, oil prices rose to their highest level in 5 weeks, with October WTI breaching key resistance set at \$57.00 as it rose to a session high of \$57.76 a barrel, for a gain of \$1.50, or 2.6%. November Brent broke above \$62.00, to top the session at \$62.39 a barrel, a gain of \$1.69, or 2.7%. Uncertainty regarding the unsettled trade deal between the U.S. and China swept through the marketplace, forcing prices below unchanged into and after the settlement period. With gains pared, October WTI settled at \$56.30 a barrel, up 4 cents, or 0.07%, while November Brent tacked on 25 cents, or 0.41%, to settle at \$60.95 a barrel. October RBOB picked up 1.3 cents, or 0.9%, to \$1.546 a gallon, while October heating oil added nearly a penny, or 0.4% to \$1.8885 a gallon.

Technical Analysis: All we can say is WOW. After posting such an impressive move to the upside, WTI slipped back below several key resistance levels, which include \$57.00, the downward trend line that can be depicted on a daily spot continuation chart and the 50 and 200-day moving averages currently set at \$56.31 and \$56.00 respectively. Our stance remains the same, and that is for this market to remain range bound between \$57.50 and \$52.50. Support is set at \$53.00, with additional support set at \$52.50. To the upside and above \$57.00, additional resistance can be found at \$58.96.

Fundamental News: Saudi Crown Prince, Mohammed bin Salman, and Iraqi Prime Minister, Adel Abdul Mahdi, discussed in a phone call the importance of achieving oil market stability through joint cooperation.

According to Kpler, OPEC's seaborne crude oil exports in August increased by 177,000 bpd to 22.95 million bpd.

China and the US agreed to hold high-level talks in early October in Washington. The meeting was arranged during a phone call between Chinese Vice Premier, Liu He, and US Trade Representative, Robert Lighthizer, and US Treasury Secretary, Steven Mnuchin. On Sunday, the US began imposing 15% tariffs on an array of Chinese imports, while China began placing duties on US crude oil. The US plans to increase the tariff rate to 30% from the 25% duty already in place on \$250 billion worth of Chinese imports starting on October 1st.

China's Unipac is reselling some of the crude oil it imports from the US to buyers in India and South Korea to avoid tariffs China imposed in its trade war with the US. Unipac is China's main buyer of US crude, however its imports have been disrupted after China placed a 5% tariff on US crude imports starting September 1st. More Asian refiners are buying US crude because of tighter supply caused by US sanctions on Iran and Venezuela.

US worker productivity slowed in the second quarter. The US Labor Department said nonfarm productivity increased at an unrevised 2.3% annualized rate in the second quarter.

The US Labor Department said the number of initial unemployment benefit claims in the week ending August 31st increased by 1,000 to 217,000. Separately, according to the ADP National Employment Report, US private employers added 195,000 jobs in August, which was over economists' expectations of a gain of 149,000 jobs.

New orders for US-made goods increased for a second consecutive month in July as orders for transportation equipment increased by the most in nearly a year. Factory goods orders increased by 1.4% and data for June was revised slightly lower to show factory orders increasing 0.5% instead of increasing 0.6% as previously reported.

Early Market Call - as of 8:25 AM EDT

WTI - Oct \$55.52, down 78 cents

RBOB - Oct \$1.5238, down 2.18 cents

HO - Oct \$1.8569, down 3.11 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-19	1.8885	0.0083	0.0185
Nov-19	1.8892	0.0080	0.0176
Dec-19	1.8898	0.0083	0.0174
Jan-20	1.8887	0.0081	0.0166
Feb-20	1.8811	0.0076	0.0161
Mar-20	1.8680	0.0068	0.0163
Apr-20	1.8520	0.0065	0.0161
May-20	1.8416	0.0067	0.0160
Jun-20	1.8340	0.0067	0.0152
Jul-20	1.8342	0.0065	0.0146
Aug-20	1.8358	0.0063	0.0143
Sep-20	1.8380	0.0060	0.0144
Oct-20	1.8397	0.0058	0.0145
Nov-20	1.8415	0.0056	0.0147
Dec-20	1.8423	0.0055	0.0150
Jan-21	1.8447	0.0057	0.0155
Feb-21	1.8418	0.0058	0.0161

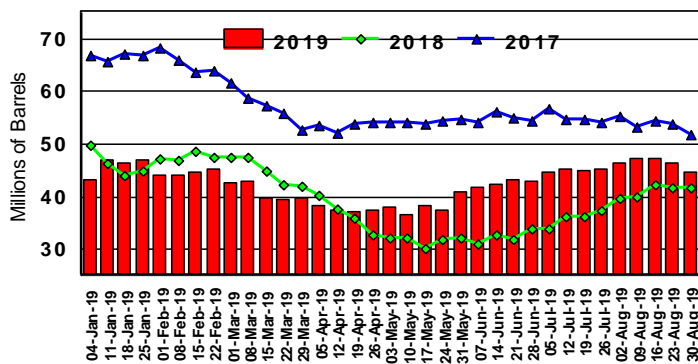
Sprague HeatCurve Oct 2019-Apr 2020			\$1.8811
Other Front Month NYMEX		Close	Change
Crude - WTI	Nov Brent-	\$56.1600	\$0.0600
Crude - Brent	WTI Spread	\$60.9500	\$0.2500
Natural Gas	\$4.79	\$2.4350	-\$0.0100
Gasoline		\$1.5460	\$0.0131

EIA Working Gas Storage Report

	30-Aug-19	23-Aug-19	Change	Year Ago
East	714	682	32	656
Midwest	827	790	37	697
Mountain	177	173	4	161
Pacific	276	278	-2	245
South Central	947	934	13	799
Salt	197	199	-2	184
Nonsalt	749	736	13	615
Total	2,941	2,857	84	2,558

Weekly EIA Petroleum Status Report for the Week Ending August 30, 2019

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 4.771 million barrels

Cushing, OK Crude Stocks Down 230,000 barrels

Gasoline Stocks Down 2.396 million barrels

Distillate Stocks Down 2.538 million barrels

Refinery % Operated 94.8%, down 0.4%

PADD #1

Distillate Stocks (in million bbls)	Week Ending August 30, 2019	Week Ending August 23, 2019	Week Ending August 31, 2018
New England	7.8	7.7	6.3
Central Atlantic	25.4	25.7	24.1
Total PADD #1	44.6	46.2	41.7
Distillate Imports (thousands b/d)	109	113	178