

## Market Commentary

**Recap:** Oil prices fell from early gains as trade war jitters continue to permeate the marketplace. Traders are left to grapple with the impact such wars can and will have on oil demand and therefore are forced to trade with uncertainty. Prices were also pushed and pulled by a dollar that is struggling with direction. The downward move started out slow, but accelerated on reports that Russian and OPEC increased production. September WTI oil settled at \$68.49, down 47 cents, or 0.7%, and a weekly loss of about 0.3%—down four weeks out of the last five. October Brent fell 24 cents, or 0.3%, to \$73.21 a barrel, marking a weekly loss of around 2.1%.

September RBOB declined by 0.1% to nearly \$2.066 a gallon, with prices for the contract down 2.2% on the week, while September heating oil fell 0.2% to \$2.127 a gallon, for a weekly decline of 1.5%.

**Fundamental News:** Oil Movements reported that OPEC shipments will increase by 370,000 bpd to 24.69 million bpd in the four week period ending August 18<sup>th</sup> compared with the period ending July 21<sup>st</sup>. Mideast shipments, including those from non-OPEC countries Oman and Yemen, will increase by 650,000 bpd to 18.82 million bpd.

Baker Hughes reported US energy companies cut oil rigs for a second time in the past three weeks. The number of rigs searching for oil in the week ending August 3<sup>rd</sup> fell by 2 to 859.

According to the US Census Bureau, US crude oil exports reached 2.2 million bpd in June compared with 2.005 million bpd in May.

China's Unipac suspended crude oil imports from the US due to a growing trade dispute between the US and China. It is not clear how long the temporary halt will last but one of the sources said Unipac has no new bookings of US crude until at least October.

Bloomberg reported that a small but steadily increasing oversupply of light, sweet crude has emerged after Saudi Arabia and Russia agreed to ease their output cuts in June. The market only has a few weeks to clear the oversupply before the summer season of peak demand ends and refiners start turning down units for seasonal maintenance, significantly reducing crude intake. The overhang is reflected in time spreads for Brent. The price difference between Brent futures nearest delivery and the contract a month later moved from a premium of 53 cents/barrel in late June to a discount of 63 cents in late July. Oil refiners have plenty of crude at hand right now with unsold cargoes of light, sweet crude in Northwest Europe, the Mediterranean, China and West Africa. While US sanctions on Iran could tighten the physical market later this year, supplies are currently plentiful. The overhang in light, sweet crude is compounded by an increase in US exports into Europe as the US' trade war with China prompts traders to divert cargoes they once hoped to sell to China. This is putting further pressure on Brent.

Two OPEC sources stated that Saudi Arabia produced about 10.29 million bpd of crude in July, down about 200,000 bpd on the month. The amount of oil supplied to the market in July was slightly higher at 10.38 million bpd.

IIR Energy reported that US oil refiners are expected to shut in 284,000 bpd of capacity in the week ending August 3<sup>rd</sup>, increasing available refining capacity by 232,000 bpd from the previous week. IIR expects offline capacity to fall to 245,000 bpd in the week ending August 10<sup>th</sup> before increasing to 272,000 bpd in the week ending August 17<sup>th</sup>.

According to Bloomberg, global refinery outages reached 2.347 million bpd in the week ending August 2<sup>nd</sup>, down from 2.702 million bpd a week earlier.

**Early Market Call - as of 9:00 AM EDT**

WTI - Sep \$69.19, up 70 cents

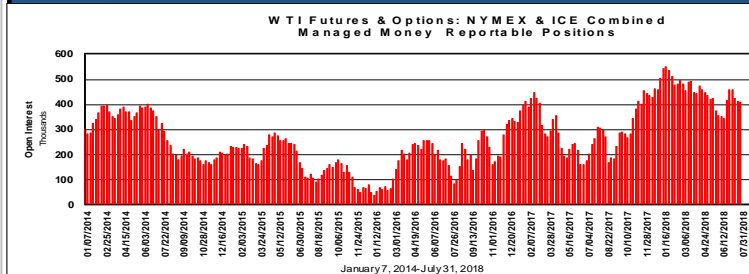
RBOB - Sep \$2.0654, down 4 points

HO - Sep \$2.1436, up 1.66 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-18	\$2.1269	-\$0.0049	-\$0.0325
Oct-18	\$2.1324	-\$0.0041	-\$0.0335
Nov-18	\$2.1363	-\$0.0033	-\$0.0354
Dec-18	\$2.1395	-\$0.0025	-\$0.0353
Jan-19	\$2.1434	-\$0.0026	-\$0.0349
Feb-19	\$2.1404	-\$0.0028	-\$0.0346
Mar-19	\$2.1317	-\$0.0030	-\$0.0349
Apr-19	\$2.1197	-\$0.0022	-\$0.0344
May-19	\$2.1128	-\$0.0018	-\$0.0334
Jun-19	\$2.1090	-\$0.0016	-\$0.0335
Jul-19	\$2.1132	-\$0.0022	-\$0.0335
Aug-19	\$2.1197	-\$0.0027	-\$0.0334
Sep-19	\$2.1280	-\$0.0033	-\$0.0320
Oct-19	\$2.1356	-\$0.0041	-\$0.0312
Nov-19	\$2.1428	-\$0.0050	-\$0.0316
Dec-19	\$2.1522	-\$0.0055	-\$0.0303
Jan-20	\$2.1657	-\$0.0065	-\$0.0308

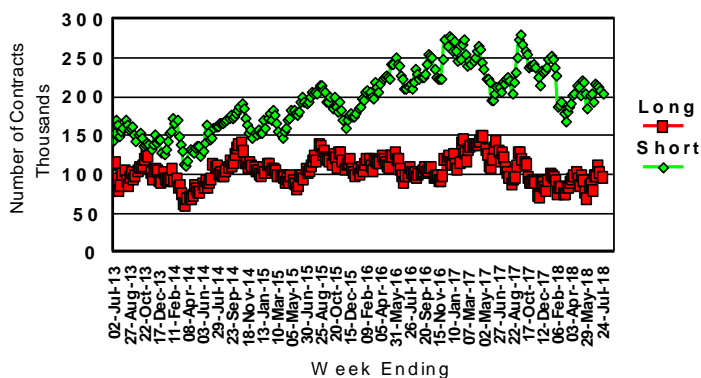
Sprague HeatCurve Oct 2018-April 2019		\$2.1365	
Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent- WTI Spread	\$67.3500	-\$0.3100
Crude - Brent	WTI Spread	\$73.2100	-\$0.2400
Natural Gas	\$5.86	\$2.8530	\$0.0370
Gasoline		\$2.0655	-\$0.0026



## Commitment of Traders Report for the Week Ending July 31, 2018

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

