

## Market Commentary

**Recap:** Oil prices rose on Friday, with WTI experiencing its largest weekly gain since the week of April 9<sup>th</sup>, as OPEC members agreed to raise output, but by much less than traders anticipated. Although OPEC members agreed to raise output by 1 million barrels per day, this agreement is just enough to cover output losses from Venezuela and Iraq, and not enough to meet increasing global demand. This sparked a buying frenzy that continued into post settlement trading, with August WTI climbing to a high of \$69.25, and August Brent peaking at \$75.64. August WTI settled at \$68.58 a barrel, up \$3.04, or 4.64%, or 6.7% on the week, while August Brent closing at \$75.55 a barrel, up \$2.50, up 3.42%, roughly 2.9% on the week.

July RBOB rose 2.9% to \$2.071 a gallon, while July heating oil gained 2.7% to settle at \$2.125 a gallon.

**Fundamental News:** Baker Hughes reported that the number of rigs searching for oil fell by 1, the first reduction in 12 weeks. The total oil rig count fell to 862 in the week ending June 22<sup>nd</sup>.

On Friday, OPEC ministers agreed that OPEC and its allies should raise their oil production by about 1 million bpd starting in July after Saudi Arabia persuaded Iran to cooperate. The output gain will be nominal. The real gain will be smaller at about 770,000 bpd as several countries that recently underproduced oil will struggle to return to full quotas while other producers will not be allowed to fill the gap.

Earlier, Iraq's Oil Ministry said that OPEC oil producers should be careful before altering its deal on production levels so output does not exceed market needs, which could lead to lower prices.

Venezuela has the ability to increase its oil output by 1 million bpd by the end of the year in its bid to recover lost production, however Venezuela's Oil Minister, Manuel Quevedo, said this goal would be a challenge for PDVSA. He stated that Venezuela was producing about 1.5 million bpd of oil. The country had been producing about 2.373 million bpd as recently as 2016.

US President, Donald Trump, called on OPEC to increase its output. He tweeted "Hope OPEC will increase output substantially. Need to keep prices down!"

The head of Libya's National Oil Corp, Mustafa Sanalla, confirmed that Khalifa Haftar's Libyan National Army had regained control of the ports of Ras Lanuf and Es Sider, saying he hoped operations would resume in the next couple of days. He said Libya had been losing 450,000 bpd of production after clashes between the LNA and rival factions closed the two terminals.

The US EPA will propose setting a 19.88 billion gallon biofuels blending mandate in 2019 under the Renewable Fuel Standard, up about 3% from 2018. The proposal will include 15 billion gallons for conventional biofuels like corn-based ethanol, unchanged from this year, and 4.88 billion gallons for advanced biofuels, up from 4.29 billion from this year. The targets for biodiesel will be 2.43 billion gallons, up from 2.1 billion gallons this year.

Iraq's Oil Minister, Jabar al-Luaibi said US sanctions on Iran will not affect an Iraqi-Iranian deal on swapping crude oil. Iraq agreed last year to ship crude from the northern Kirkuk oilfield to Iran for use in its refineries, after which Iran would deliver the same amount of oil to Iraq's southern ports.

Industry sources stated that Chinese oil buyers will keep taking crude from the US through September but plan to reduce future purchases to avoid a likely import tariff amid a trade dispute between the two countries.

**Early Market Call - as of 8:30 AM EDT**

WTI - Aug \$69.02, up 43 cents

RBOB - July \$2.0468, down 2.34 cents

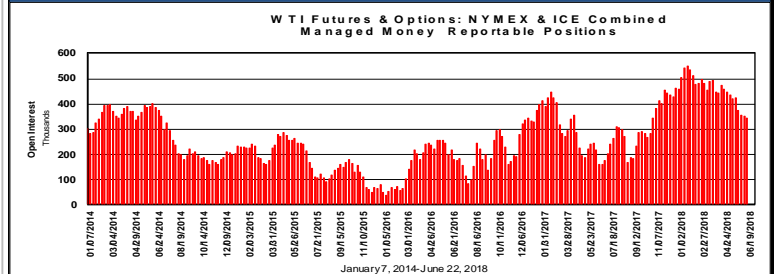
HO - July \$2.1070, down 1.8 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-18	\$2.1254	\$0.0553	\$0.0384
Aug-18	\$2.1293	\$0.0551	\$0.0392
Sep-18	\$2.1340	\$0.0553	\$0.0395
Oct-18	\$2.1399	\$0.0571	\$0.0409
Nov-18	\$2.1454	\$0.0584	\$0.0422
Dec-18	\$2.1501	\$0.0584	\$0.0437
Jan-19	\$2.1557	\$0.0580	\$0.0449
Feb-19	\$2.1552	\$0.0574	\$0.0444
Mar-19	\$2.1483	\$0.0573	\$0.0430
Apr-19	\$2.1331	\$0.0574	\$0.0422
May-19	\$2.1268	\$0.0570	\$0.0412
Jun-19	\$2.1236	\$0.0565	\$0.0400
Jul-19	\$2.1283	\$0.0561	\$0.0409
Aug-19	\$2.1331	\$0.0554	\$0.0417
Sep-19	\$2.1409	\$0.0546	\$0.0422
Oct-19	\$2.1457	\$0.0539	\$0.0418
Nov-19	\$2.1502	\$0.0532	\$0.0415

**Sprague HeatCurve Oct 2018-April 2019** **\$2.1493**

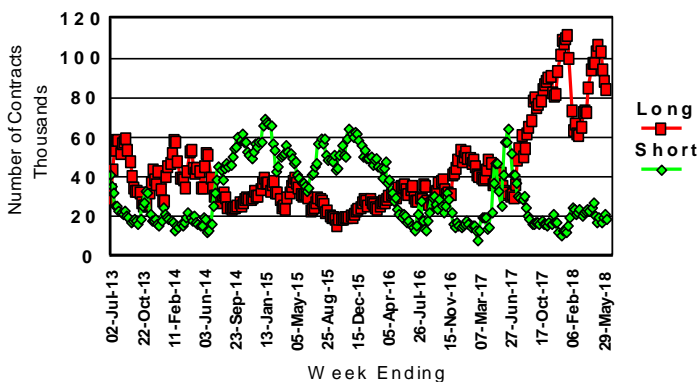
Other Front Month NYMEX		Close	Change
Crude - WTI	Aug Brent-	\$68.5800	\$3.0400
Crude - Brent	WTI Spread	\$75.5500	\$2.5000
Natural Gas	\$6.97	\$2.9450	-\$0.0300
Gasoline		\$2.0705	\$0.0582



## Commitment of Traders Report for the Week Ending June 19, 2018

### Managed Money Heat Positons

CFTC Commitment of Traders Report



### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report

