

## Market Commentary

**Recap:** Oil prices climbed 3% on Wednesday, with WTI experiencing its largest one day gain in almost two-months, while Brent rose to its highest level in two-weeks. Prices were spurred higher by the larger than expected 5.8 million barrel draw in U.S. crude oil inventories. Expectations were calling for a draw of 1.5 million barrels. October WTI rose to a high of \$68.08 before paring gains for a settlement of \$67.86, up \$2.02, or 3.07%, while October Brent climbed \$2.15, or 2.96%, to settle at \$74.78 a barrel.

September RBOB rose 2.5%, to close at \$2.068 a gallon, while September heating oil added 2.1% to close at \$2.168 a gallon.

**Fundamental News:** US President Donald Trump's National Security Adviser, John Bolton, said US sanctions are having a strong effect on Iran's economy and popular opinion. However he added that regime change in Iran is not part of the US' policy. He stated that "there should not be any doubt that the US wants this resolved peacefully, but we are fully prepared for any contingency that Iran creates." The Iranian economy has been beset by high unemployment and inflation and a rial currency that has lost half of its value since April and the reimposition of sanctions could make matters worse. Thousands of Iranians have protested against sharp price rises of some food items, a lack of jobs and state corruption. The protests over the cost of living have often turned into anti-government rallies. Meanwhile, European powers have been scrambling to ensure Iran secures enough economic benefits to persuade it to stay in the deal. Germany called on Tuesday for Europe to set up payments systems independent of the US if it wants to save the Iran nuclear agreement.

Iran warned that it would hit US and Israeli targets if it were attacked by the US after the US National Security Adviser said the US would exert maximum pressure on Iran going beyond economic sanctions.

Kuwait's Oil Minister, Bakht al-Rashidi, said OPEC and other oil exporting producers are expected to agree on a mechanism to monitor their crude production before the end of the year. He said a committee set up by OPEC and non-OPEC exporters will review their crude output at a meeting in Algeria next month. The committee, known as the Joint Ministerial Monitoring Committee, is chaired by Saudi Arabia and includes OPEC members, Algeria, Kuwait, the UAE, and Venezuela as well as non-OPEC Oman and Russia.

Separately, Kuwait's Oil Minister, Bakht al-Rashidi, said Kuwait and Iraq will appoint consultants soon to study the development of shared oilfields. The two countries should agree before the end of the year on plans for the shared fields and also on supplying Iraqi natural gas to Kuwait.

IIR Energy reported that US oil refiners are expected to shut in 380,000 bpd of capacity in the week ending August 24<sup>th</sup>, increasing available refining capacity by 68,000 bpd in the previous week. IIR expects offline capacity to fall to 107,000 bpd in the week ending August 31<sup>st</sup>.

### Early Market Call - as of 8:20 AM EDT

WTI - Oct \$67.87, up 1 cent

RBOB - Sep \$2.0640, down 40 points

HO - Sep \$2.1697, up 21 points

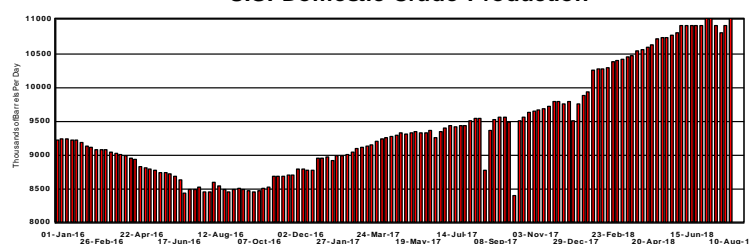
## All NYMEX | Prior Settlements

Month	USLD (HO) Close	Prior Settle Change	Change In One Week
Sep-18	\$2.1683	\$0.0447	\$0.0779
Oct-18	\$2.1736	\$0.0455	\$0.0791
Nov-18	\$2.1774	\$0.0466	\$0.0803
Dec-18	\$2.1804	\$0.0469	\$0.0816
Jan-19	\$2.1840	\$0.0470	\$0.0817
Feb-19	\$2.1817	\$0.0475	\$0.0826
Mar-19	\$2.1739	\$0.0480	\$0.0837
Apr-19	\$2.1550	\$0.0483	\$0.0836
May-19	\$2.1524	\$0.0476	\$0.0815
Jun-19	\$2.1468	\$0.0468	\$0.0791
Jul-19	\$2.1496	\$0.0461	\$0.0783
Aug-19	\$2.1550	\$0.0456	\$0.0780
Sep-19	\$2.1634	\$0.0449	\$0.0777
Oct-19	\$2.1699	\$0.0443	\$0.0772
Nov-19	\$2.1744	\$0.0432	\$0.0758
Dec-19	\$2.1789	\$0.0423	\$0.0711
Jan-20	\$2.1893	\$0.0404	\$0.0686

### Sprague HeatCurve Oct 2018-April 2019 \$2.1777

Other Front Month NYMEX	Close	Change
Crude - WTI	\$67.8600	\$2.0200
Crude - Brent	\$74.7800	\$2.1500
Natural Gas	\$2.9560	-\$0.0240
Gasoline	\$2.0680	\$0.0501

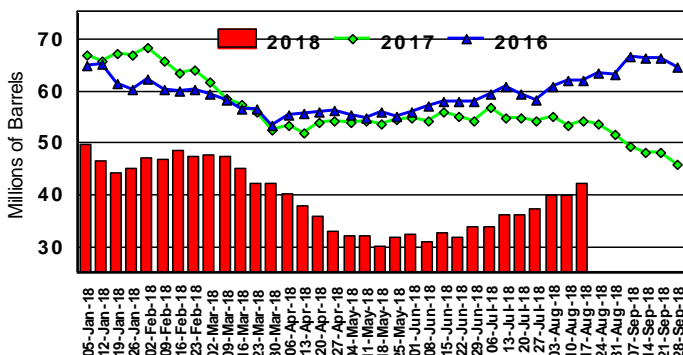
### U.S. Domestic Crude Production



## EIA Weekly Petroleum Status Report for the Week Ending August 17, 2018

### Distillate Stocks

#### PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 5.836 million barrels

Cushing, OK Crude Stocks Up 772,000 barrels

**Gasoline Stocks** Up 1.2 million barrels

**Distillate Stocks** Up 1.849 million barrels

**Refinery % Operated** 98.1%, Unchanged

#### PADD #1

Distillate Stocks (in million bbls)	Week Ending Aug 17, 2018	Week Ending Aug 10, 2018	Week Ending Aug 18, 2017
New England	6.4	5.8	8.6
Central Atlantic	22.1	22.8	33.3
Total PADD #1	42.2	39.9	54.2
Distillate Imports (thousands b/d)	49	157	70