

## Market Commentary

**Recap:** Oil prices hopped aboard the roller coaster ride during Monday's session, dipping more than 40% in the first 5 minutes of trading, with August WTI falling to a session low of \$72.51. The spot contract traveled through several peaks and troughs, until it slowly worked its way back above Friday's close of \$74.15. Prices were pushed and pulled by concern that global oil producers would ramp up production greater than traders expected, especially after U.S. President Donald Trump called on Saudi Arabia to up production by as much as 2 million barrels per day, and as Libyan production comes to a halt. After reaching a high of \$74.35, this spot contract pared gains for a settlement of \$73.94 a barrel, down 21 cents, or 0.285. September Brent fell \$1.93, or 2.44%, to settle at \$77.30 a barrel.

August RBOB settled at \$2.105 a gallon, down 2.2%, while August heating oil slipped 2.4%, to \$2.156 a gallon.

**Fundamental News:** US President, Donald Trump, tweeted on Saturday that Saudi Arabia's King Salman bin Abdulaziz Al Saud had agreed to pump more oil, maybe up to 2,000,000 barrels. While, the White House later backpedaled from his comments, President Trump on Sunday increased the pressure, demanding that OPEC stop what he called its manipulation of the oil market and insisting the group produce more.

Russia's Energy Ministry reported that the country's average monthly oil output exceeded 11 million bpd in June for the first time since April 2017 as leading global oil producers started to ease output cuts. Russia's production increased to 11.06 million bpd in June from 10.97 million bpd in May, up about 100,000 bpd. Russia has pledged to restore output by 200,000 bpd in the second half of the year.

Observed crude shipments from Saudi Arabia increased last month to the highest level since March 2017. Tankers hauled an average of 7.467 million bpd in June, up from a revised 7.145 million bpd in the previous month.

Separately, according to data from tanker-tracker Kpler, Saudi Arabia's oil exports increased by 543,000 bpd to 7.757 million bpd in June, the highest level since 2013. OPEC exports increased by 1.43 million bpd in June.

Libya's National Oil Corp declared force majeure on loadings from Zueitina and Hariga ports on Monday, resulting in total production losses of 850,000 bpd due to the closure of the eastern fields and ports. The Tripoli-based NOC made the announcement after eastern factions seeking control of Libya's oil exports began to block tankers at the two ports last week. They have also prevented the NOC from resuming operations at the port of Ras Lanuf and Es Sider, which were placed under force majeure on June 14<sup>th</sup> during an armed attack by opponents of Khalifa Haftar's Libyan National Army that was later repelled.

Iraq's Oil Minister, Jabar al-Luaibi, said Iraq is still in talks with Turkey and Kurdish regional authorities to resume Kirkuk crude oil exports through the Ceyhan port. Production from Iraq's Kirkuk oilfields is currently at 220,000 bpd.

Iran's crude exports to Europe fell to the lowest level since September 2016 in June. Combined shipments of crude and condensate fell to 2.58 million bpd in June from 2.72 million bpd in May.

IIR Energy reported that US oil refiners are expected to shut in 203,000 bpd of capacity in the week ending July 6<sup>th</sup>, cutting available refining capacity by 28,000 bpd on the week. IIR expects offline capacity to increase to 318,000 bpd in the week ending July 13<sup>th</sup>.

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

**WTI - Aug \$74.81, up 90 cents**  
**RBOB - Aug \$2.1278, up 2.26 cents**  
**HO - Aug \$2.1829, up 2.75 cents**

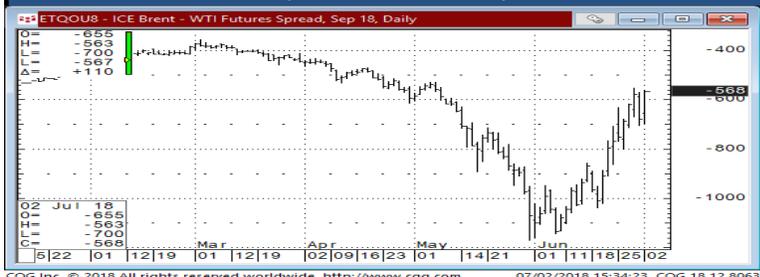
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-18	\$2.1558	-\$0.0539	\$0.0516
Sep-18	\$2.1630	-\$0.0532	\$0.0522
Oct-18	\$2.1698	-\$0.0527	\$0.0526
Nov-18	\$2.1757	-\$0.0521	\$0.0526
Dec-18	\$2.1812	-\$0.0507	\$0.0522
Jan-19	\$2.1868	-\$0.0493	\$0.0512
Feb-19	\$2.1849	-\$0.0482	\$0.0493
Mar-19	\$2.1761	-\$0.0473	\$0.0470
Apr-19	\$2.1609	-\$0.0460	\$0.0459
May-19	\$2.1534	-\$0.0449	\$0.0438
Jun-19	\$2.1492	-\$0.0437	\$0.0414
Jul-19	\$2.1541	-\$0.0431	\$0.0404
Aug-19	\$2.1609	-\$0.0422	\$0.0413
Sep-19	\$2.1704	-\$0.0415	\$0.0423
Oct-19	\$2.1759	-\$0.0401	\$0.0430
Nov-19	\$2.1814	-\$0.0393	\$0.0437
Dec-19	\$2.1908	-\$0.0381	\$0.0452

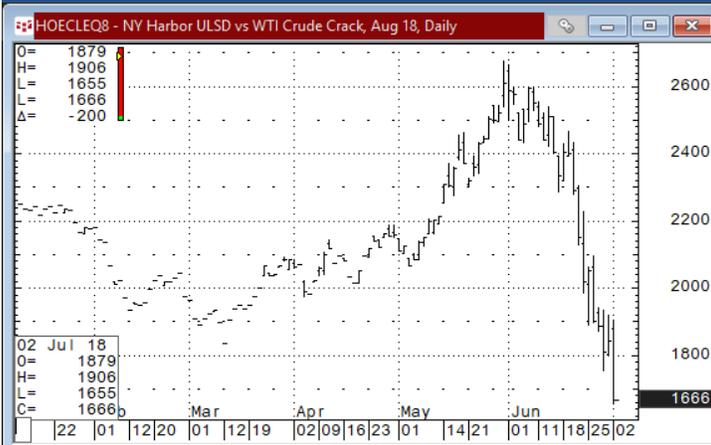
**Sprague HeatCurve Oct 2018-April 2019 \$2.1791**

Other Front Month NYMEX		Close	Change
Crude - WTI	Aug Brent-	\$71.6200	-\$0.8400
Crude - Brent	WTI Spread	\$77.3000	-\$1.9300
Natural Gas	\$5.68	\$2.8620	-\$0.0620
Gasoline		\$2.1048	-\$0.0464

### ICE September WTI-Brent Spread



## August Heating Oil Crack Spread



## August RBOB Crack Spread

