

Market Commentary

Recap: WTI rose to a five week high, while Brent climbed to its highest level in ten days after a U.S official reported the U.S. would impose sanctions on any country continuing to import Iranian crude oil. August WTI shot to a high of \$70.64, while August Brent topped the session at \$76.62. Prices remained strong throughout the session, only slightly paring gains prior to the close. August WTI settled at \$70.53, up \$2.45, or 3.6%. This was the highest settlement for a spot contract since May 23. August Brent crude rose \$1.58, or 2.1%, to end at \$76.31 a barrel, the highest finish in nearly two weeks.

The Brent/WTI spread, which earlier this month traded at its deepest discount in three years, continues to narrow, as production in Canada falters and as OPEC plans to increase output. On Tuesday, WTI traded at a less than \$6 a barrel discount to Brent. Earlier this month, the spread between the contracts had topped \$11 a barrel, the widest since roughly mid-2015. With Brent expected to come under continued pressure as supplies increase, and WTI gaining support from the Syncrude outage in Canada, along with expectations that U.S. output growth will slow as pipelines suffer from constraints, the discount on the spread between the two blends should continue to narrow. The August spread settled at -\$5.78, a narrowing of 87 cents, or 13%.

July gasoline rose by 1.1%, to \$2.075 a gallon, while July heating oil rose 1.4%, to \$2.129 a gallon.

Fundamental News: According to Bloomberg, crude oil stocks held in Cushing, Oklahoma fell by 1.3 million barrels in the week ending June 22nd to 31.31 million barrels.

According to US customs data, preliminary US waterborne crude imports fell by 929,100 bpd to 4.523 million bpd in the week ending June 22nd.

Iran's Oil Minister, Bijan Zanganeh, said that OPEC's oil output agreement did not specify a production increase and that a figure of 800,000 bpd was an interpretation by some members of the group. OPEC and non-OPEC producers agreed on Friday to raise their oil production starting in July, however the agreement failed to announce a clear target for the output increase.

Iran's President, Hassan Rouhani condemned US President Donald Trump's withdrawal from the nuclear agreement with Iran and said Iranians will not give in to US pressure but would defend their independence and Islamic values. He also stated that Iran maintained the right to enrich uranium for peaceful purposes. Separately, Iran's President promised Iranians the government would be able to handle the economic pressure of new US sanctions amid a second day of demonstrations in protest of financial hardship and a weakening rial. A senior US official said on Tuesday that countries buying oil from Iran should prepare to halt all imports of Iranian crude in November or face punishment.

Energy Aspects said Saudi Arabia has already increased its output to 10.3 million bpd in June and plans an additional 300,000 bpd in July.

Suncor Energy Inc stated that production at Syncrude Canada's oil sands facility near Fort McMurray, Alberta is likely to remain offline at least through July. The facility, which can produce up to 360,000 bpd, was hit by a power outage. The Syncrude outage is expected to tighten Canadian supplies and reduce crude flows to Cushing, Oklahoma.

The east Libyan oil ports of Hariga and Zueitina appeared to be operating normally on Tuesday, a day after eastern-based forces said they would hand terminals to a parallel National Oil Corp in Benghazi. The official state-owned oil company based in the capital Tripoli, also called NOC, will not be allowed to handle the oil anymore.

Early Market Call - as of 8:30 AM EDT

WTI - Aug \$71.20, up 68 cents

RBOB - July \$2.0962, up 2.15 cents

HO - July \$2.1457, up 1.77 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-18	\$2.1290	\$0.0286	\$0.0072
Aug-18	\$2.1325	\$0.0283	\$0.0087
Sep-18	\$2.1394	\$0.0286	\$0.0117
Oct-18	\$2.1461	\$0.0289	\$0.0140
Nov-18	\$2.1523	\$0.0292	\$0.0159
Dec-18	\$2.1581	\$0.0291	\$0.0186
Jan-19	\$2.1645	\$0.0289	\$0.0202
Feb-19	\$2.1648	\$0.0292	\$0.0213
Mar-19	\$2.1591	\$0.0300	\$0.0229
Apr-19	\$2.1501	\$0.0305	\$0.0247
May-19	\$2.1398	\$0.0302	\$0.0254
Jun-19	\$2.1376	\$0.0298	\$0.0259
Jul-19	\$2.1437	\$0.0300	\$0.0265
Aug-19	\$2.1501	\$0.0305	\$0.0274
Sep-19	\$2.1598	\$0.0317	\$0.0293
Oct-19	\$2.1651	\$0.0322	\$0.0299
Nov-19	\$2.1711	\$0.0334	\$0.0315

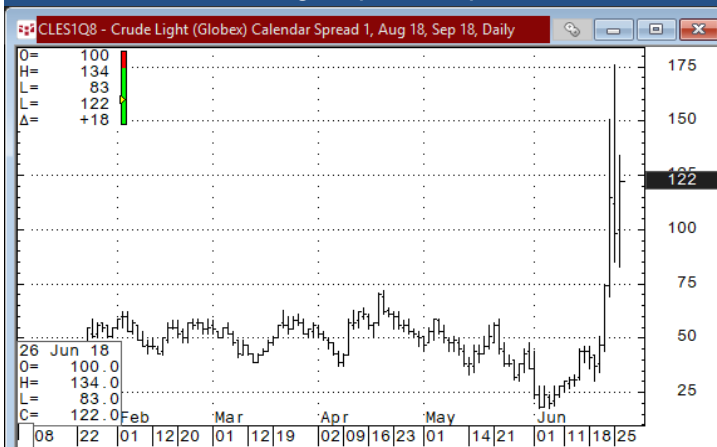
Sprague HeatCurve Oct 2018-April 2019 **\$2.1583**

Other Front Month NYMEX		Close	Change
Crude - WTI	Aug Brent-	\$70.5300	\$2.4500
Crude - Brent	WTI Spread	\$76.3100	\$1.5800
Natural Gas	\$5.78	\$2.9390	\$0.0160
Gasoline		\$2.0746	\$0.0231

API Report for the Week Ending June 22, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Down 9.2 million barrels	Down 2.3 million barrels
Cushing, OK Crude Stocks	Down 1.7 million barrels	Down 1.3 million barrels
Gasoline Stocks	Up 1.2 million barrels	Up 160,000 barrels
Distillate Stocks	Up 1.8 million barrels	Up 500,000 barrels
Refinery Runs	Up 294,000 bpd	Down 0.7%, 96%

NYMEX Aug-Sep WTI Spread



NYMEX July-Aug Heating Oil Spread

