

Market Commentary

Recap: Oil prices were mixed on Friday, with Brent pressured by global trade tensions and increased Saudi production, while WTI gained support from short covering, after being down almost 2 on Thursday. On what was most likely follow through selling from Thursday, August WTI reached a session low of \$72.14 before reversing to the upside. As shorts jumped in, this spot contract rose to a high of \$73.93 and despite several attempts to test the \$74.00 level, encountered difficulty. Gains were slightly pared, with August WTI settling at \$73.80 a barrel, up 86 cents, or 1.18%, or a weekly decline of 0.5%. Brent for September delivery fell 28 cents, or 0.36%, to settle at \$77.11 a barrel, down 2.7% on the week.

August RBOB fell by 1% to \$2.109 a gallon, for a weekly loss of about 2%, while August heating oil ended at \$2.168 a gallon, down 0.5% for a weekly decline of 1.9%.

Fundamental News: Baker Hughes reported that the number of rigs searching for oil in the US increased for the first time in three weeks. The number of oil rigs increased by 5 to 863 in the week ending July 6th.

Oil Movements reported that OPEC shipments are expected to fall by 240,000 bpd to 25.35 million bpd in the four week period ending July 21st compared with the period ending June 23rd. Mideast shipments, including from non-OPEC nations Oman and Yemen, are expected to increase by 210,000 bpd to 18.59 million bpd.

According to data from the US Census Bureau, US crude oil exports in May totaled 2.005 million bpd, up from 1.756 million bpd in April. Exports to China totaled 427,000 bpd, while exports to Canada totaled 289,000 bpd and exports to the UK were 197,000 bpd.

The US imported a record volume of crude from Canada in the week ending June 29th, even as the Canadian oil industry struggles to deal with widespread transportation bottlenecks. US refiners imported 3.73 million bpd of Canadian oil last week.

Saudi Arabia told OPEC it produced about 10.5 million bpd in June, up 500,000 bpd on the month, as the country sought to cap rallying prices by increasing output.

Asian oil refiners are seeking to secure crude supplies in anticipation of escalating trade war between the US and China and as the US plans sanctions against Iran aimed at shutting the country out of the oil markets. Under pressure from the US, South Korea has halted all orders of Iranian oil. It is the first time South Korea has not lifted Iranian crude since August 2012. Meanwhile, China has threatened a 25% duty on imports of US crude. In Japan, the Petroleum Association of Japan previously warned refiners will have to halt loading Iranian crude from October if the country does not win an exemption on US-Iran sanctions.

Germany's Foreign Minister, Heiko Maas, said world powers would not be able to fully compensate for companies leaving Iran due to the new US sanctions imposed on Iran but warned Iran that abandoning its nuclear deal would cause more harm to its economy.

Meanwhile, Russia's Foreign Minister, Sergei Lavrov, said that Russia and China were interested in saving the Iran nuclear deal. He made his comments during a meeting with China's Foreign Minister and State Councilor, Wang Yi, in Vienna.

IIR Energy reported that US oil refiners are expected to shut in 154,000 bpd of capacity in the week ending July 6th, increasing available refining capacity by 21,000 bpd from the previous week. IIR expects offline capacity to increase to 335,000 bpd in the week ending July 13th.

Early Market Call - as of 8:50 AM EDT

WTI - Aug \$74.01, up 21 cents
 RBOB - Aug \$2.1292, up 2.08 cents
 HO - Aug \$2.1918, up 2.34 cents

All NYMEX | Prior Settlements

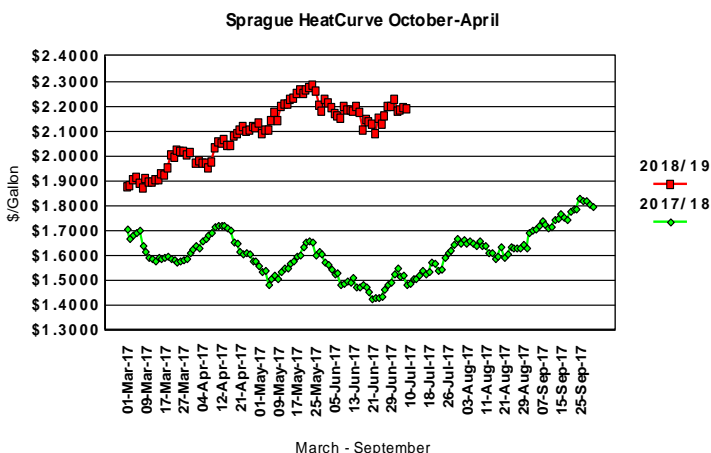
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-18	\$2.1684	-\$0.0103	-\$0.0413
Sep-18	\$2.1751	-\$0.0084	-\$0.0411
Oct-18	\$2.1811	-\$0.0076	-\$0.0414
Nov-18	\$2.1863	-\$0.0069	-\$0.0415
Dec-18	\$2.1909	-\$0.0070	-\$0.0410
Jan-19	\$2.1962	-\$0.0066	-\$0.0399
Feb-19	\$2.1951	-\$0.0057	-\$0.0380
Mar-19	\$2.1874	-\$0.0047	-\$0.0360
Apr-19	\$2.1745	-\$0.0038	-\$0.0333
May-19	\$2.1668	-\$0.0037	-\$0.0315
Jun-19	\$2.1629	-\$0.0035	-\$0.0300
Jul-19	\$2.1683	-\$0.0033	-\$0.0289
Aug-19	\$2.1745	-\$0.0031	-\$0.0286
Sep-19	\$2.1831	-\$0.0029	-\$0.0288
Oct-19	\$2.1896	-\$0.0020	-\$0.0264
Nov-19	\$2.1964	-\$0.0007	-\$0.0243
Dec-19	\$2.2083	\$0.0010	-\$0.0206

Sprague HeatCurve Oct 2018-April 2019		\$2.1896
Other Front Month NYMEX		Close
Crude - WTI	Sep Brent-	\$71.5700
Crude - Brent	WTI Spread	\$77.1100
Natural Gas	\$5.54	\$2.8580
Gasoline		\$2.1085

EIA Natural Gas Storage Report

	29-Jun-18	22Jun-2018	Change	Year Ago
East	460	430	30	560
Midwest	455	425	30	696
Mountain	139	133	6	187
Pacific	257	251	6	286
South Central	841	835	6	1,141
Salt	245	252	-7	3333
Nonsalt	596	583	13	808
Total	2,152	2,074	78	2,869

Sprague HeatCurve Winter 2018/19



ICE September WTI-Brent Spread

