

Market Commentary

Recap: Oil prices slipped early in the session before settling into a period of sideways trading in overnight activity. However, rising tensions between the U.S. and Iran combined with a 24-hour strike by offshore workers in the British North Sea, propelled prices off the lows of the day. September Brent rose as much as 1.9%, reaching a high of \$74.50 a barrel, while WTI for September delivery peaked the session at \$69.31 a barrel, for a gain of 1.5%. After pushing prices to their highest level in 5 sessions, traders opted on taking profits, as they focused on increased production out of OPEC and its allies. This move pushed Brent to a fresh low of \$72.52, down 55 cents on the day, while WTI fell 66 cents, to a new low of \$67.60. Losses were pared, with September Brent settling at \$73.06 a barrel, down 1 cent, or 0.01%, and September WTI falling 37 cents, or 0.54%, to settle at \$67.89 a barrel. August RBOB rose 1.1% to \$2.091 a gallon, while August heating oil ended at \$2.118 a gallon, up 0.7%.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Friday, July 20th fell by 1,331,362 barrels on the week but increased by 83,016 barrels from Tuesday, July 17th to 26,556,503 barrels.

US President Donald Trump told Iran it risked dire consequences "the like of which few throughout history have suffered before" if Iran made more threats against the US. His Twitter message came hours after Iran's President Hassan Rouhani told President Trump that hostile policies towards Iran could lead to "the mother of all wars." Iran's President also scoffed at Trump's threat to halt Iranian oil exports and said Iran has a dominant position in the Gulf and the Strait of Hormuz. A senior commander of Iran's elite Revolutionary Guards reacted angrily to Trump's threats by saying Iran would continue to resist its enemies.

Meanwhile, Iran said US Secretary of State Mike Pompeo's speech against Iran's clerical rulers was an interference in its affairs. US Secretary of State on Sunday denounced Iran's leaders as a "mafia" and promised unspecified support for Iranians unhappy with their government.

According to a Barclays report, OPEC is expected to raise its output by about 200,000 bpd through the fourth quarter this year compared with the second quarter even with disruptions to Iran and Venezuela's production. Iran's output is expected to fall by 700,000 bpd by the second quarter of 2019 while Venezuela's output is seen declining to 1 million to 1.1 million bpd in 2018 and 2019 from 1.4 million bpd currently.

Libya's Waha oil output is expected to have increased to 130,000 bpd from 100,000 bpd last week as loadings resumed at the Es Sider port. Production is expected to increase again next week, heading back to normal output of about 300,000 bpd. The port reopened on July 11th.

Meanwhile, Libya's El Feel oil field is producing between 50,000 and 60,000 bpd after resuming work after several months of closure. An official said stocks are being replenished first before oil will be shipped for export.

Britain's largest labor union Unite said that about 40 rig workers started a 24 hour strike on Monday morning at the Alwyn, Elgin and Dunbar oil and gas platforms in the British North Sea. The strike started after the union and Total failed to agree over work shifts and pay. Stored crude was expected to mitigate any oil supply disruption.

IIR Energy said US oil refiners are expected to shut in 472,000 bpd of capacity in the week ending July 27th, increasing available refining capacity by 401,000 bpd on the week. IIR expects offline capacity to fall to 296,000 bpd in the week ending August 3rd.

Early Market Call - as of 8:20 AM EDT

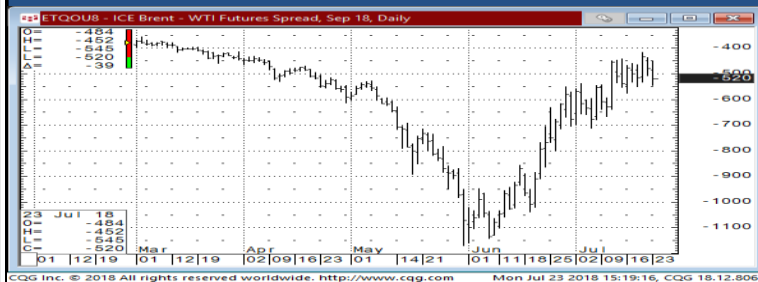
WTI - Sep \$68.42, up 54 cents
 RBOB - Aug \$2.10, up 92 points
 HO - Aug \$2.1319, up 1.35 cents

All NYMEX | Prior Settlements

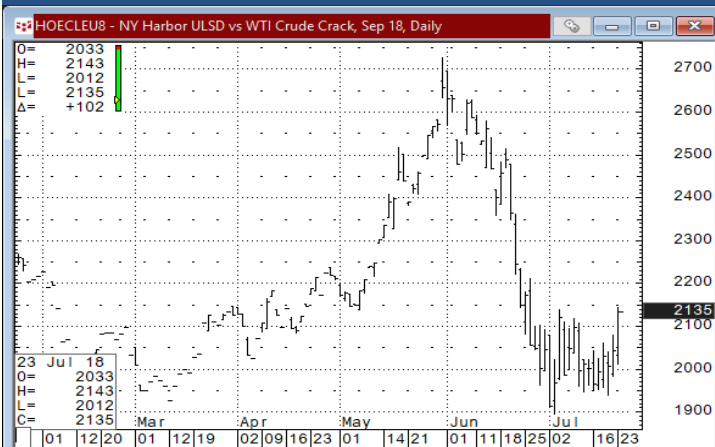
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-18	2.1180	0.0136	0.0637
Sep-18	2.1229	0.0135	0.0624
Oct-18	2.1289	0.0142	0.0631
Nov-18	2.1346	0.0141	0.0632
Dec-18	2.1386	0.0138	0.0621
Jan-19	2.1430	0.0135	0.0606
Feb-19	2.1402	0.0130	0.0588
Mar-19	2.1316	0.0135	0.0575
Apr-19	2.1201	0.0136	0.0559
May-19	2.1112	0.0147	0.0541
Jun-19	2.1085	0.0152	0.0522
Jul-19	2.1137	0.0150	0.0506
Aug-19	2.1201	0.0150	0.0501
Sep-19	2.1270	0.0148	0.0500
Oct-19	2.1338	0.0150	0.0503
Nov-19	2.1413	0.0153	0.0506
Dec-19	2.1510	0.0157	0.0505

Sprague HeatCurve Oct 2018-April 2019		\$2.1357	
Other Front Month NYMEX		Close	Change
Crude - WTI	Sep Brent-	\$67.8900	-\$0.3700
Crude - Brent	WTI Spread	\$73.0600	-\$0.0100
Natural Gas	\$5.17	\$2.7210	-\$0.0360
Gasoline		\$2.0914	\$0.0224

ICE September WTI-Brent Spread



September Heating Oil Crack Spread



September RBOB Crack Spread

