

## Market Commentary

**Recap:** Concerns about tightness in supplies combined with a weak dollar pushed oil prices higher on Tuesday, making this the fourth straight session prices rose. Despite the lack of fresh fundamentals, oil prices continue to experience volatility, as rhetoric over global trade wars remain at the forefront. October WTI broke above \$65.82, the 10-day moving average, to settle at \$65.84 a barrel, up 74 cents, or 1.1%. This is the first time in 2 weeks that WTI settled above this average, indicating additional moves higher. October Brent tacked on 42 cents, or 0.585, to settle at \$72.63 a barrel.

September RBOB rose 0.1%, to close at \$2.018 a gallon, while September heating oil added 0.5% to close at \$2.124 a gallon.

**Fundamental News:** Bloomberg reported that crude oil stocks held in Cushing, Oklahoma increased by 900,000 barrels in the week ending August 17<sup>th</sup>. Cushing stocks increased by 1.64 million barrels in the week ending August 10<sup>th</sup>.

According to data from S&P Global Platts cFlow trade flow software, the volume of distillates scheduled to arrive in the Mediterranean and Northwest Europe from the US Gulf Coast in September total 260,000 metric tons as of Monday, with 160,000 metric tons bound for Northwest Europe and 100,000 metric tons expected to arrive in the Mediterranean. The total volume for August was expected to amount to 1.19 million metric tons, down from 1.7 million metric tons in July.

The Unite union said workers at three of Total's UK North Sea oil and gas platforms ended a 24-hour strike on Tuesday morning as scheduled. The three platforms are Alwyn, Elgin and Dunbar, which account for 10% of Britain's gas output and about 45,000 bpd to 50,000 bpd of oil to the Forties and Brent crude streams.

BNP Paribas expects oil production from OPEC to fall from an average of 32.1 million bpd in 2018 to 31.17 million bpd in 2019. It also stated that non-OPEC output would likely increase by 2 million bpd in 2018 and by 1.9 million bpd in 2019.

BHP Billiton said US tight oil output will start to plateau in the mid-2020s, with its role in setting global oil prices beginning to diminish. US liquids production is expected to increase by almost 1.5 million bpd in 2019, with about 50% of that increase coming from the Permian basin, compared with a 2 million bpd increase this year.

Euroilstock reported that Europe's refinery output in July increased by 3.7% on the month but fell by 1.7% on the year to 11.091 million bpd. European gasoline output in July increased by 4.8% on the month but fell by 1.8% on the year to 2.468 million bpd while middle distillates output increased by 3.6% on the month but fell by 2.2% on the year to 5.751 million bpd and fuel oil output increased by 1% on the month and by 3.5% on the year to 1.208 million bpd. European refinery crude intake in July increased by 3.8% on the month but fell by 2.3% on the year to 10.658 million bpd.

Iraq's government and central bank officials said Iraq's economy is so closely linked to Iran that Iraq is going to ask the US for exemptions in US sanctions imposed on Iran. The request would mark an important change in political tactics for Iraqi Prime Minister, Haider al-Abadi. He initially said Iraq would respect all US sanctions but faced heavy criticism from rivals. Officials said an Iraqi delegation will travel the US to ask for exemptions in applying the sanctions.

**Early Market Call - as of 8:10 AM EDT**

**WTI - Sep \$67.05, up \$1.20**

**RBOB - Sep \$2.0495, up 3.15 cents**

**HO - Sep \$2.1553, up 3.16 cents**

## All NYMEX | Prior Settlements

| Month  | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
|        | Close     | Change       | One Week  |
| Sep-18 | \$2.1236  | \$0.0098     | -\$0.0051 |
| Oct-18 | \$2.1281  | \$0.0103     | -\$0.0050 |
| Nov-18 | \$2.1308  | \$0.0097     | -\$0.0054 |
| Dec-18 | \$2.1335  | \$0.0090     | -\$0.0048 |
| Jan-19 | \$2.1370  | \$0.0085     | -\$0.0050 |
| Feb-19 | \$2.1342  | \$0.0082     | -\$0.0046 |
| Mar-19 | \$2.1259  | \$0.0082     | -\$0.0038 |
| Apr-19 | \$2.1094  | \$0.0080     | -\$0.0034 |
| May-19 | \$2.1048  | \$0.0073     | -\$0.0034 |
| Jun-19 | \$2.1000  | \$0.0068     | -\$0.0034 |
| Jul-19 | \$2.1035  | \$0.0070     | -\$0.0027 |
| Aug-19 | \$2.1094  | \$0.0076     | -\$0.0022 |
| Sep-19 | \$2.1185  | \$0.0086     | -\$0.0014 |
| Oct-19 | \$2.1256  | \$0.0086     | -\$0.0013 |
| Nov-19 | \$2.1312  | \$0.0084     | -\$0.0024 |
| Dec-19 | \$2.1366  | \$0.0071     | -\$0.0063 |
| Jan-20 | \$2.1489  | \$0.0062     | -\$0.0075 |

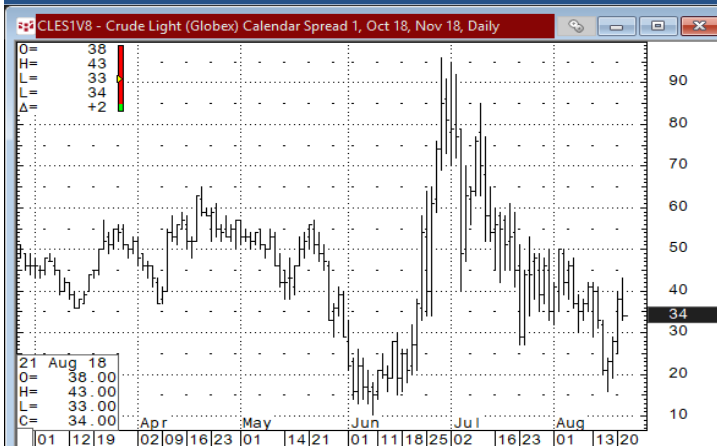
**Sprague HeatCurve Oct 2018-April 2019** **\$2.1306**

| Other Front Month NYMEX |            | Close     | Change   |
|-------------------------|------------|-----------|----------|
| Crude - WTI             | Oct Brent- | \$65.8400 | \$0.4200 |
| Crude - Brent           | WTI Spread | \$72.6300 | \$0.4200 |
| Natural Gas             | \$6.79     | \$2.9800  | \$0.0390 |
| Gasoline                |            | \$2.0179  | \$0.0028 |

## API Report for the Week Ending August 17, 2018

|                                 | Actual                   | Mkt Expectations           |
|---------------------------------|--------------------------|----------------------------|
| Crude Oil Stocks(excluding SPR) | Down 5.2 million barrels | Down 3.37 million barrels  |
| Cushing, OK Crude Stocks        | Up 195,000 barrels       | Up 517,000/900,000 barrels |
| Gasoline Stocks                 | Down 930,000 barrels     | Up 400,000 barrels         |
| Distillate Stocks               | Up 1.8 million barrels   | Up 2 million barrels       |
| Refinery Runs                   | Up 171,000 bpd           | Down 1.25% at 96.85%       |

## NYMEX Oct-Nov WTI Spread



## NYMEX Sep-Oct Heating Oil Spread

