

Market Commentary

Recap: Oil prices rose for the first time in three sessions as traders reacted to a Genscape report suggesting U.S. crude stocks held in Cushing, OK fell 1.1 million barrels since July 27. Prior to the report, prices were trading at their lowest level in 10 sessions on concerns about oversupply. September WTI broke through \$67.48, the 50-day moving average, and continued to the down side, breaching \$67.00, to reach a low of \$66.92. Prices reacted to the Genscape report with a sharp reversal, gaining as much as 3.6% to top the session at \$69.36. Gains were mildly pared, with September WTI settling at \$68.96 a barrel, up 41.30, or 1.92%. Brent for September delivery tacked on \$1.06, or 1.46%, to settle at \$73.45 a barrel.

September RBOB added on 1.1% to \$2.068 a gallon, while September heating oil settled at \$2.132 a gallon, up 1.6%.

Fundamental News: The Trump administration is proposing to suspend required increases in vehicle fuel economy after 2020 and unwind California's authority to limit greenhouse gas emissions in the state. The Environmental Protection Agency and National Highway Traffic Safety Administration jointly proposed on Thursday to cap fuel economy requirements at a fleet average of 37 miles/gallon starting in 2020. Under the Obama plan, the fleetwide fuel economy would have risen gradually to about 47 mpg by 2025. They also proposed to revoke California's authority under the Clean Air Act to set rules more stringent than the federal ones limiting tailpipe greenhouse gas emissions as well as electric-vehicle sales mandate.

Bloomberg reported that OPEC's crude oil production increased in July as Saudi Arabia produced near-record volumes to make good on a pledge to consumers that demand would be met. Saudi Arabia's oil production increased by 230,000 bpd to 10.65 million bpd in July. Increased crude production from Saudi Arabia, along with Nigeria and Iraq, pushed OPEC's total production by 300,000 bpd offsetting losses from Venezuela, Libya and Iran. The group's 15 members, which now includes Congo Republic, collectively produced 32.6 million bpd in July.

Russia's Energy Ministry data showed that the country's output in July increased by 150,000 bpd on the month, surpassing the amount Russia has promised to add following the OPEC and non-OPEC decision to ease their output cuts in June. Russia's oil production increased to 47.429 million tons or 11.21 million bpd in July, up from 45.276 million tons or 11.06 million bpd in June. Russian oil pipeline exports in July stood at 4.179 million bpd. Russia's gas production was 53.92 billion cubic meters in July, up from 53.57 bcm in June.

Citigroup estimates that Iran will export about 1.5 million bpd of crude or more after sanctions are imposed on the country, even without waivers. It said China is in a "good position" to raise imports from Iran by 350,000 bpd to 1 million bpd.

Gasoline stocks held in the Amsterdam-Rotterdam-Antwerp refining hub in the week ending August 2nd increased by 3.07% on the week and by 6.33% on the year to 974,000 tons. Gasoil stocks increased by 3.88% on the week but fell by 8.4% on the year to 2.487 million tons while fuel oil stocks fell by 10.32% on the week but increased by 19.94% on the year to 1.191 million tons. Naphtha stocks fell by 10.63% on the week but increased by 43.86% on the year to 328,000 tons while jet fuel stocks increased by 2.98% on the week and by 22.7% on the year to 692,000 tons.

Early Market Call - as of 8:25 AM EDT

WTI - Sep \$68.77, down 18 cents

RBOB - Sep \$2.0728, up 47 points

HO - Sep \$2.1274, down 44 points

All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-18	\$2.1318	\$0.0344	-\$0.0491
Oct-18	\$2.1365	\$0.0325	-\$0.0498
Nov-18	\$2.1396	\$0.0309	-\$0.0513
Dec-18	\$2.1420	\$0.0303	-\$0.0510
Jan-19	\$2.1460	\$0.0298	-\$0.0499
Feb-19	\$2.1432	\$0.0291	-\$0.0494
Mar-19	\$2.1347	\$0.0287	-\$0.0494
Apr-19	\$2.1224	\$0.0283	-\$0.0501
May-19	\$2.1146	\$0.0283	-\$0.0496
Jun-19	\$2.1106	\$0.0279	-\$0.0498
Jul-19	\$2.1154	\$0.0277	-\$0.0494
Aug-19	\$2.1224	\$0.0275	-\$0.0488
Sep-19	\$2.1313	\$0.0273	-\$0.0469
Oct-19	\$2.1397	\$0.0273	-\$0.0451
Nov-19	\$2.1478	\$0.0270	-\$0.0444
Dec-19	\$2.1577	\$0.0270	-\$0.0437
Jan-20	\$2.1722	\$0.0270	-\$0.0431

Sprague HeatCurve Oct 2018-April 2019			
Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent-	\$67.6600	\$1.1600
Crude - Brent	WTI Spread	\$73.4500	\$1.0600
Natural Gas	\$5.79	\$2.8160	\$0.0580
Gasoline		\$2.0681	\$0.0230

EIA Natural Gas Storage Report				
	27-Jul-18	20-Jul-18	Change	Year Ago
East	552	527	25	647
Midwest	552	524	28	752
Mountain	146	145	1	200
Pacific	250	257	-7	293
South Central	808	820	-12	1,104
Salt	203	214	-11	298
Nonsalt	604	606	-2	806
Total	2,308	2,273	35	2,996

Sprague HeatCurve Winter 2018/19

ICE October WTI-Brent Spread

