

## Market Commentary

**Recap:** The oil market opened 6 cents lower and sold off to a low of \$64.43 in overnight trading as it remained pressured following Wednesday's sharp losses. However, the market bounced off its low and retraced some of its previous losses. The market rallied to \$65.50 by mid-day, where it held resistance as an economic slowdown in China and emerging markets limited its recovery from its recent selloff. The currency crisis in Turkey has concerned investors over a contagion into other emerging market currencies. The crude market later breached its resistance and posted a high of \$65.52 ahead of the close. The September WTI contract settled up 45 cents at \$65.46 while the October Brent contract settled up 67 cents at \$71.43. Meanwhile, the product markets ended mixed, with the heating oil market settling up 60 points at \$2.0964 and the RB market settling down 1 cent at \$1.9874.

**Fundamental News:** Genscape reported that crude oil inventories in the week ending Tuesday, August 14<sup>th</sup> increased by 1,151,172 barrels on the week and increased by 258,673 barrels from Friday, August 10<sup>th</sup> to 26,452,207 barrels.

The EPA said the US generated 1.37 billion ethanol (D6) blending credits in July, up from 1.26 billion credits in June. It also reported that it generated 310 million biodiesel (D4) blending credits in July compared with 318 million in June.

The Unite union said workers at Total's North Sea oil and gas platforms, Alwyn, Elgin and Dunbar, will begin a 24-hour strike on August 20<sup>th</sup>.

Russia's Deputy Foreign Minister, Sergei Ryabkov, said Russia is working on retaliatory measures against the US after it imposed sanctions on a Russian company for aiding North Korea. The US sanctioned Profinet Ptd Ltd and its director general for providing port services on at least six occasions to North Korean-flagged ships.

Iraq exported an average of 3.6 million bpd from its southern oilfields so far in August. Iraq exported 3.543 million bpd of crude in July.

The Norwegian Petroleum Directorate reported that Norway's preliminary oil output in July increased to 1.525 million bpd of oil equivalent from 1.487 million bpd of oil equivalent in June.

Japan's Fuji Oil bought 2.5 million barrels of Middle East crude for October loading via a tender and is seeking more oil to replace Iranian supplies.

China's National Bureau of Statistics reported the country's oil production in July fell by 2.6% on the year to 15.855 million tons. It also reported that the China's gasoline output in July increased to a record high of 11.89 million tons. It was up 11.9% on the year. China's diesel output in July fell by 2% on the year to 14.46 million tons while its fuel output fell by 2.6% on the year to 2.1 million tons and its kerosene output increased by 19.6% on the year to 4.14 million tons.

Gasoline stocks independently held in the Amsterdam-Rotterdam-Antwerp refining and storage hub in the week ending August 16<sup>th</sup> fell by 11.75% on the week but increased by 0.33% on the year to 901,000 tons. Gasoil stocks fell by 2.91% on the week and by 13.6% on the year to 2.503 million tons while fuel oil stocks increased by 0.57% on the week and by 24.91% on the year to 1.058 million tons.

**Early Market Call - as of 8:20 AM EDT**

WTI - Sep \$65.96, up 50 cents  
 RBOB - Sep \$1.9990, up 1.21 cents  
 HO - Sep \$2.1196, up 2.30 cents

## All NYMEX | Prior Settlements

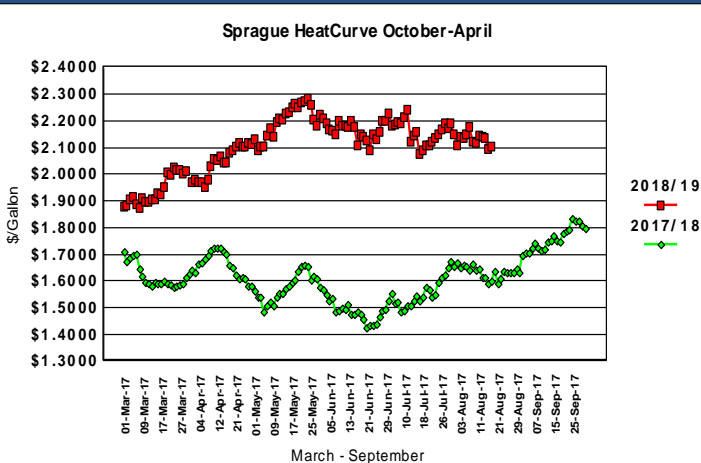
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-18	\$2.0964	\$0.0060	-\$0.0155
Oct-18	\$2.1008	\$0.0063	-\$0.0157
Nov-18	\$2.1044	\$0.0073	-\$0.0147
Dec-18	\$2.1070	\$0.0082	-\$0.0137
Jan-19	\$2.1106	\$0.0083	-\$0.0135
Feb-19	\$2.1077	\$0.0086	-\$0.0129
Mar-19	\$2.0992	\$0.0090	-\$0.0123
Apr-19	\$2.0851	\$0.0090	-\$0.0127
May-19	\$2.0796	\$0.0087	-\$0.0129
Jun-19	\$2.0760	\$0.0083	-\$0.0125
Jul-19	\$2.0795	\$0.0082	-\$0.0123
Aug-19	\$2.0851	\$0.0081	-\$0.0128
Sep-19	\$2.0935	\$0.0078	-\$0.0129
Oct-19	\$2.1002	\$0.0075	-\$0.0133
Nov-19	\$2.1062	\$0.0076	-\$0.0129
Dec-19	\$2.1141	\$0.0063	-\$0.0133
Jan-20	\$2.1270	\$0.0063	-\$0.0143

Sprague HeatCurve Oct 2018-April 2019		\$2.1040	
Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent-	\$64.8800	\$0.4200
Crude - Brent	WTI Spread	\$71.4300	\$0.6700
Natural Gas	\$6.55	\$2.9080	-\$0.0320
Gasoline		\$1.9874	-\$0.0100

### EIA Natural Gas Storage Report

	10-Aug-18	03-Aug-18	Change	Year Ago
East	592	575	17	697
Midwest	603	579	24	794
Mountain	151	148	3	204
Pacific	240	245	-5	292
South Central	801	807	-6	1,088
Salt	190	200	-10	284
Nonsalt	610	607	3	804
Total	2,387	2,354	33	3,074

## Sprague HeatCurve Winter 2018/19



## ICE October WTI-Brent Spread

