

Market Commentary

Recap: The oil market opened 42 cents lower following Tuesday afternoon's release of the API report, which showed an unexpected build in crude stocks of 3.7 million barrels. The market posted a high of \$66.90 before it breached its previous low and continued to trend lower, finding some support over the \$66 level. The crude market later breached that level and continued to sell off on concerns of softening demand from global trade tensions and the fear of a contagion effect related to Turkey's financial problems. The market extended its losses even further upon the release of the EIA's weekly petroleum stock report, which showed an unexpected build of 6.8 million barrels, compared with expectations of a draw of about 2 million barrels. The oil market extended its losses to \$2.53 as it posted a low of \$64.51 by mid-day. The September WTI retraced some of its losses in afternoon trading and settled down \$2.03 at \$65.01. The October Brent contract settled down \$1.70 at \$70.76. Meanwhile, the product markets also settled in negative territory, with the heating oil market settling down 3.83 cents at \$2.0904 and the RBOB market settling down 3.67 cents at \$1.9974.

Fundamental News: Iran's Oil Minister, Bijan Zanganeh, will attend the Joint Ministerial Monitoring Committee meeting in Algeria in September. The Iranian Students' News Agency reported that his goal in attending the OPEC/non-OPEC committee meeting is to maintain Iran's oil market share. The meeting is scheduled to take place six weeks before US sanctions on Iran's oil industry are due to take effect. The JMMC is chaired by Saudi Arabia and is due to meet on September 23rd. Iran is not on the committee, which includes Russia, the UAE, Oman, Kuwait, Algeria and Venezuela.

Bloomberg reported that crude imports to the US Gulf Coast fell by 26,000 bpd to 2.37 million bpd in the week ending August 10th.

Fitch Solutions raised its average Brent forecast to \$75/barrel in 2018 and \$82/barrel in 2019. WTI prices are seen at \$70/barrel and \$75/barrel in 2018 and 2019, respectively.

Libya's Sharara oilfield is producing 260,000 bpd after the restart of a control station that had been closed due to the kidnapping of two workers. Station 186 was restarted on Sunday amid tightening security and was producing about 50,000 bpd, about half of its normal capacity.

IIR Energy reported that US oil refiners are expected to shut in 319,000 bpd of capacity in the week ending August 17th, increasing available refining capacity by 45,000 bpd from the previous week. IIR expects offline capacity to fall to 133,000 bpd in the week ending August 24th.

Chinese oil importers are not buying US crude as they fear Beijing's decision to exclude the commodity from its tariff list in a trade dispute between the two countries may only be temporary. Thomson Reuters Eikon ship tracking data showed that not a single tanker has loaded crude from the US bound for China since the beginning of August, compared with about 300,000 bpd in June and July. To replace US oil, China has been turning to the Middle East, West Africa and Latin America.

An analyst at Facts Global Energy stated that Venezuelan imports of gasoline could continue to fall as the country's economy worsens.

The head of oil products research at Energy Aspects said if Venezuela sells gasoline at international prices, the country could reduce smuggling significantly and ultimately reduce imports.

Early Market Call - as of 8:20 AM EDT

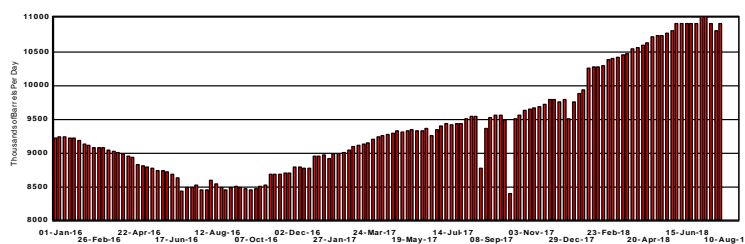
WTI - Sep \$65.19, up 18 cents
 RBOB - Sep \$1.9906, down 70 points
 HO - Sep \$2.0970, up 65 points

All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-18	\$2.0904	-\$0.0383	-\$0.0253
Oct-18	\$2.0945	-\$0.0386	-\$0.0262
Nov-18	\$2.0971	-\$0.0391	-\$0.0267
Dec-18	\$2.0988	-\$0.0395	-\$0.0273
Jan-19	\$2.1023	-\$0.0397	-\$0.0275
Feb-19	\$2.0991	-\$0.0397	-\$0.0274
Mar-19	\$2.0902	-\$0.0395	-\$0.0274
Apr-19	\$2.0770	-\$0.0387	-\$0.0281
May-19	\$2.0709	-\$0.0373	-\$0.0283
Jun-19	\$2.0677	-\$0.0357	-\$0.0280
Jul-19	\$2.0713	-\$0.0349	-\$0.0283
Aug-19	\$2.0770	-\$0.0346	-\$0.0291
Sep-19	\$2.0857	-\$0.0342	-\$0.0294
Oct-19	\$2.0927	-\$0.0342	-\$0.0299
Nov-19	\$2.0986	-\$0.0350	-\$0.0310
Dec-19	\$2.1078	-\$0.0351	-\$0.0310
Jan-20	\$2.1207	-\$0.0357	-\$0.0318

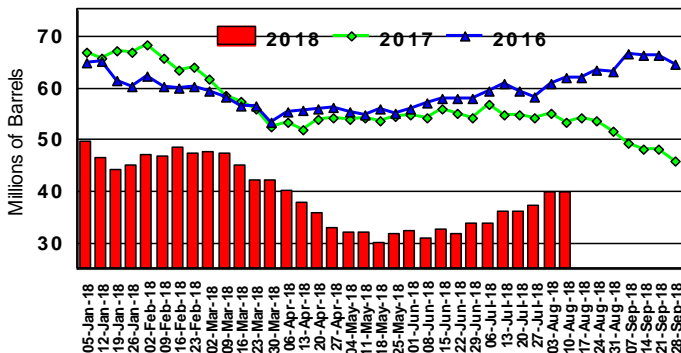
Sprague HeatCurve Oct 2018-April 2019		\$2.0958	
Other Front Month NYMEX	Close	Change	
Crude - WTI	Oct Brent- WTI Spread	\$64.4600	-\$1.8700
Crude - Brent		\$70.7600	-\$1.7000
Natural Gas	\$6.30	\$2.9400	-\$0.0190
Gasoline		\$1.9974	-\$0.0367

U.S. Domestic Crude Production



EIA Weekly Petroleum Status Report for the Week Ending August 10, 2018

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 6.805 million barrels
 Cushing, OK Crude Stocks Up 1.643 million barrels
Gasoline Stocks Down 740,000 barrels
Distillate Stocks Up 3.566 million barrels
Refinery % Operated 98.1%, Up 1.5%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Aug 10, 2018	Week Ending Aug 3, 2018	Week Ending Aug 11, 2017
New England	5.8	5.9	8.4
Central Atlantic	22.8	21.0	33.0
Total PADD #1	39.9	39.7	53.3
Distillate Imports (thousands b/d)	157	123	115