

Market Commentary

All NYMEX | Prior Settlements

Recap: In comparison to Monday's activity, it was a lackluster trading session for crude oil futures, as traders turned their attention to the API and EIA reports. Prices began the session trading around the unchanged level and continued to move sideways during pre-dawn trading. A break to the downside ensued, with both Brent and WTI surpassing Monday's lows however, a lack of follow through to the downside sparked a recovery, which took prices above the unchanged level. Upside potential was limited as traders took into consideration the possible release of strategic reserves, by the U.S. September Brent failed to recapture the \$73.00 level, peaking the session at \$72.78 a barrel. Gains were pared, with this spot contract settling at \$72.16 a barrel, up 32 cents, or 0.45%. August WTI topped the session at \$68.44 a barrel, before it too pared gains. This soon expire contract tacked on 2 cents, or 0.03%, to settle at \$68.08 a barrel. August RBOB settled at \$2.026 a gallon, up 1.2%, while August heating oil settled up 0.8% at \$2.00 a gallon.

Fundamental News: Goldman Sachs expects volatile oil prices in the short-term on the back of uncertainty over possible disruptions to supply, with Brent crude in a \$70-\$80/barrel range. It said production disruptions and large supply shifts driven by US political decisions are the drivers of the new fundamental volatility, with demand remaining high so far. It added that the uncertainty on the magnitude and timing of the supply shifts has muddied the near-term outlook for oil fundamentals. It continues to expect high supply volatility with potential for further disruptions. Goldman Sachs expects Brent to retest \$80/barrel, although this may occur only late this year depending on US oil policies, rather than this summer as it previously expected. The bank also stated that the recent escalation in trade tensions was unlikely to have much impact on its 2018 oil demand growth view, but would likely create downside risks to its 2019 oil demand growth forecast of 1.6 million bpd.

According to Bloomberg, crude oil stocks held in Cushing, Oklahoma fell by 700,000 barrels in the week ending July 13th to 25.02 million barrels.

Bloomberg reported that US waterborne crude imports increased by 843,000 bpd to 4.94 million bpd in the week ending July 12th. The East and Gulf Coasts registered an increase of 798,200 bpd and 204,700 bpd, respectively. West Coast imports fell by 159,600 bpd.

Libya is increasing its oil output at its eastern fields, offsetting thousands of barrels in production lost from the partial shutdown of the country's largest deposit after gunmen kidnapped workers there. Libya's overall production increased to 650,000 to 700,000 bpd and is expected to increase further after shipments resume at eastern ports that reopened after a political standoff last week.

Libya's National Oil Corp declared force majeure on exports from the Zawiya oil terminal as production at the Sharara oilfield fell to 125,000 bpd. The NOC said production at Sharara was enough to supply the Zawiya refinery but left no excess for export.

According to S&P Platts trade flow software cFlow, the volume of distillates on the water and scheduled to arrive in Northwest Europe and the Mediterranean from the US Gulf Coast in July was about 1.7 million metric tons on Monday. The total volume for July will be the highest since last August. More than 1 million metric tons of the flow has gone to Northwest Europe.

Early Market Call - as of 8:40 AM EDT

WTI - Aug \$67.64, down 44 cents
 RBOB - Aug \$2.0171, down 84 points
 HO - Aug \$2.0605, down 96 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-18	\$2.0701	\$0.0158	-\$0.1517
Sep-18	\$2.0753	\$0.0148	-\$0.1520
Oct-18	\$2.0806	\$0.0148	-\$0.1530
Nov-18	\$2.0865	\$0.0151	-\$0.1525
Dec-18	\$2.0917	\$0.0152	-\$0.1514
Jan-19	\$2.0974	\$0.0150	-\$0.1504
Feb-19	\$2.0961	\$0.0147	-\$0.1502
Mar-19	\$2.0881	\$0.0140	-\$0.1499
Apr-19	\$2.0820	\$0.0132	-\$0.1485
May-19	\$2.0696	\$0.0125	-\$0.1442
Jun-19	\$2.0685	\$0.0122	-\$0.1399
Jul-19	\$2.0750	\$0.0119	-\$0.1375
Aug-19	\$2.0820	\$0.0120	-\$0.1359
Sep-19	\$2.0893	\$0.0123	-\$0.1356
Oct-19	\$2.0959	\$0.0124	-\$0.1343
Nov-19	\$2.1032	\$0.0125	-\$0.1333
Dec-19	\$2.1129	\$0.0124	-\$0.1343

Sprague HeatCurve Oct 2018-April 2019 \$2.0903

Other Front Month NYMEX		Close	Change
Crude - WTI	Sep Brent-	\$67.1600	\$0.0900
Crude - Brent	WTI Spread	\$72.1600	\$0.3200
Natural Gas	\$5.00	\$2.7400	-\$0.0190
Gasoline		\$2.0261	\$0.0239

API Report for the Week Ending July 13, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Up 629,000 barrels	Down 3 million barrels
Cushing, OK Crude Stocks	Down 1.3 million barrels	Down 700,000 barrels
Gasoline Stocks	Up 425,000 barrels	Down 1 million barrels
Distillate Stocks	Up 1.7 million barrels	Down 45,000 barrels
Refinery Runs	Down 279,000 bpd	Up 0.5%, at 97.2%

NYMEX Aug-Sep WTI Spread

NYMEX Aug-Sep Heating Oil Spread

