

Market Commentary

Recap: It was a volatile trading session for both crude oil and its products, as prices continued to be rocked by an array of news which include tensions between Iran and the U.S; trade wars between China and the U.S; boosts in output by OPEC and its allies, declines in Venezuelan output, rising global demand, and today, anticipation of the API and EIA U.S. inventory reports. Once again, prices hopped on board the proverbial rollercoaster ride, making their ascent early in the session. Despite today's strength, oil prices were unable to break above Monday's highs. September WTI peaked the session at \$69.05 a barrel, for a gain of 1.7%, while September Brent rose to \$74.00 a barrel, marking a gain of 1.2%. After breaking above unchanged, prices never looked back, but did trim gains prior to the settlement period. September WTI settled at \$68.52 a barrel, up 63 cents, or 0.93%, while September Brent tacked on 38 cents, or 0.52%, to settle at \$73.44 a barrel.

Products also had a wild ride on Tuesday, first gaining on the outage of a 55,000 barrels per day FCC unit at Philadelphia Energy Solutions refinery, only to do an about face upon reports that it was coming back on line. August RBOB rose as much as 1.55%, to a high of \$2.1239 before paring gains for a settlement at \$2.0956 up 0.2% while August heating oil rose as much as 1.57%, to a high of \$2.1514 a gallon before trimming gains for a settlement at \$2.1326.

Fundamental News: Iran's Foreign Ministry said Iran will react with equal countermeasures if the US tries to block its oil exports. Meanwhile, Iran's armed forces chief said US threats would draw an unimaginable and regrettable reaction. Armed Forces Chief of Staff, Major General Mohammad Bagheri, said Iran wants peace but will defend its interests in the Gulf. Supreme Leader Ayatollah Ali Khamenei on Saturday supported President Hassan Rouhani's suggestion that Iran might block Gulf oil exports if its own exports are stopped.

US President Donald Trump kept open the possibility of negotiating an agreement to denuclearize Iran, two days after his warning that Iran risked dire consequences "the likes of which few throughout history have suffered before" if it made threats against the US.

Bloomberg reported that crude oil stocks held in Cushing, Oklahoma fell by 900,000 barrels in the week ending July 20th to 24 million barrels.

According to Bloomberg, US waterborne crude imports fell by 312,300 bpd to 4.92 million bpd in the week ending July 20th. Shipments to the Gulf and West Coasts increased by 437,900 bpd and 83,600 bpd, respectively. Imports to the East Coast fell by 833,800 bpd.

A 24 hour strike at Total's British North Sea oil and gas platforms Alwyn, Elgin and Dunbar ended as planned on Tuesday morning. However the platforms will take 12 to 24 hours to resume full production. Britain's largest labor union, Unite, has scheduled further 24 hour stoppages on August 6th and August 20th and 12-hour strikes will occur on July 30th and August 13th if it is unable to reach an agreement with Total.

Shell's Knarr field, which shut its production during a rig workers' strike that lasted ten days earlier this month, resumed operations. The field produced about 23,000 bpd before the strike, mostly oil, with some natural gas liquids and gas.

Genscape reported that North Dakota crude-by-rail loadings increased to 248,000 bpd in the week ending July 13th. It is the highest level in more than a year. Crude production growth is expected to continue in North Dakota, forecast to average 1.251 million bpd by the end of 2018, with steeper growth in 2019 expected to increase production flows to 1.355 million bpd by the end of the year.

Early Market Call - as of 8:45 AM EDT

WTI - Sep \$68.63, up 11 cents
 RBOB - Aug \$2.1111, up 1.54 cents
 HO - Aug \$2.1452, up 1.30 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-18	\$2.1326	\$0.0146	\$0.0625
Sep-18	\$2.1379	\$0.0150	\$0.0626
Oct-18	\$2.1441	\$0.0152	\$0.0635
Nov-18	\$2.1499	\$0.0153	\$0.0634
Dec-18	\$2.1537	\$0.0151	\$0.0620
Jan-19	\$2.1580	\$0.0150	\$0.0606
Feb-19	\$2.1552	\$0.0150	\$0.0591
Mar-19	\$2.1469	\$0.0153	\$0.0588
Apr-19	\$2.1363	\$0.0158	\$0.0585
May-19	\$2.1272	\$0.0160	\$0.0576
Jun-19	\$2.1246	\$0.0161	\$0.0561
Jul-19	\$2.1296	\$0.0159	\$0.0546
Aug-19	\$2.1363	\$0.0162	\$0.0543
Sep-19	\$2.1435	\$0.0165	\$0.0542
Oct-19	\$2.1504	\$0.0166	\$0.0545
Nov-19	\$2.1580	\$0.0167	\$0.0548
Dec-19	\$2.1673	\$0.0163	\$0.0544

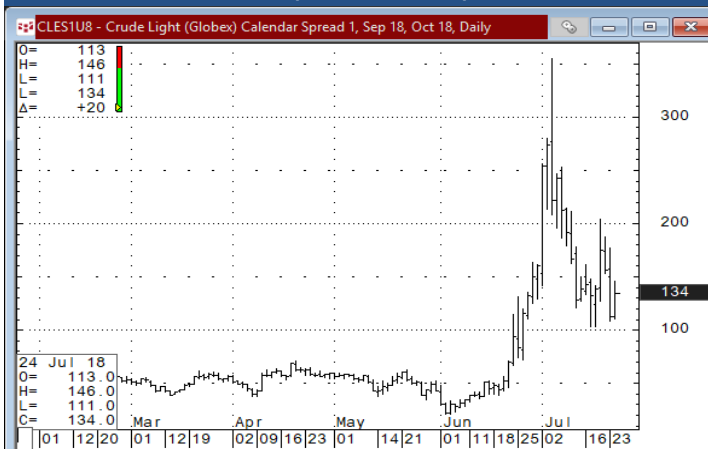
Sprague HeatCurve Oct 2018-April 2019 \$2.1509

Other Front Month NYMEX		Close	Change
Crude - WTI	Sep Brent-	\$68.5200	\$0.6300
Crude - Brent	WTI Spread	\$73.4400	\$0.3800
Natural Gas	\$4.92	\$2.7320	\$0.0110
Gasoline		\$2.0956	\$0.0042

API Report for the Week Ending July 20, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Down 3.2 million barrels	Down 2.6 million barrels
Cushing, OK Crude Stocks	Down 808,000 barrels	Down 900,000 barrels
Gasoline Stocks	Down 4.9 million barrels	Down 1.4 million barrels
Distillate Stocks	Down 1.3 million barrels	Unchanged
Refinery Runs	Down 60,000 bpd	Up 0.9%

NYMEX Sep-Oct WTI Spread



NYMEX Aug-Sep Heating Oil Spread

