

## Market Commentary

**Recap:** Brent fell to its lowest level since April 20th, while WTI slipped to a 3-week low, slipping below the 10-day moving average for the first time in as many weeks. Prices collapsed as supply concerns eased on reports that ports in Libya began to reopen, and as talk began to circulate about the possibility of a release of global supplies from crude reserves, and on expectations of increased output from within and outside OPEC. September Brent fell to a low of \$71.53 a barrel, while August WTI bottomed at \$66.70 a barrel. After remaining under pressure for most of the session, losses were lightly pared. September Brent settled at \$71.84 a barrel, down \$3.49, or 4.63%, while August WTI fell \$2.95, or 4.15%, to settle at \$68.06 a barrel.

August RBOB fell 4.9% to \$2.0022 a gallon, while August heating oil lost 3.6% to settle at \$2.0543 a gallon for loss of 3.6%.

**Fundamental News:** The Trump administration is actively considering tapping into the country's Strategic Petroleum Reserve as political pressure increases to rein in rising gasoline prices before congressional elections in November. No decision has been made to release crude from the 660 million barrel SPR but options under review range from a 5 million barrel test sale to a larger release of 30 million barrels.

A strike by Norwegian offshore oil and gas workers accelerated on Monday when hundreds more walked out in a dispute over pay and pensions after employers failed to respond to union demands for a new offer. The strike has had a limited impact on Norway's oil production so far, but some drillers warned of possible contract cancellations if the dispute goes on for a month or more. A further 900 workers went on strike on Monday, joining almost 700 who walked out last week. The Safe union said it would consider in the next few days whether to widen the strike to all of its 2,250 members.

Iran's Oil Minister, Bijan Zanganeh, told his Saudi Arabian counterpart that last month's OPEC decision does not give member countries the right to raise production above their targets.

Saudi Arabia may be heeding to US President Donald Trump's call for OPEC to keep the oil market amply supplied and rein in prices. Saudi Arabia is offering extra crude volumes in addition to its contractual supplies to some buyers in Asia.

Production at Libya's Arabian Gulf Oil Co stood at between 150,000 and 180,000 bpd on Monday as fields resumed production following a standoff at eastern export terminals. Separately, production at Libya's Sharara oilfield was expected to fall by at least 160,000 bpd after two staff were abducted in an attack by an unknown group, the National Oil Corp said.

The EIA reported that US oil output from seven major shale formations is expected to increase by 143,000 bpd to 7.47 million bpd in August.

US Treasury Secretary, Steven Mnuchin, said the US wants to avoid disrupting global oil markets as it reimposes sanctions against Iran and in certain cases will consider waivers for countries which need more time to wind down their oil imports from Iran. Separately, Iran's President, Hassan Rouhani, said the US was more isolated than ever over sanctions against Iran, even among its allies.

IIR Energy reported that US oil refiners are expected to shut in 822,000 bpd of capacity in the week ending July 20<sup>th</sup>, cutting available capacity by 142,000 bpd on the week. IIR expects offline capacity to fall to 453,000 bpd in the week ending July 27<sup>th</sup>.

**Early Market Call - as of 8:45 AM EDT**

WTI - Aug \$68.14, up 8 cents  
 RBOB - Aug \$2.0137, up 1.21 cents  
 HO - Aug \$2.0663, up 1.17 cents

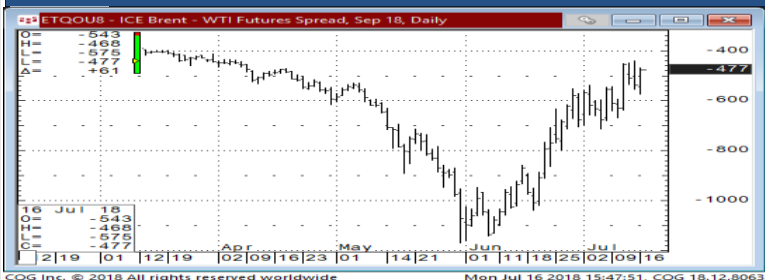
## All NYMEX | Prior Settlements

| Month  | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
|        | Close     | Change       | One Week  |
| Aug-18 | \$2.0543  | -\$0.0791    | -\$0.1414 |
| Sep-18 | \$2.0605  | -\$0.0788    | -\$0.1408 |
| Oct-18 | \$2.0658  | -\$0.0799    | -\$0.1414 |
| Nov-18 | \$2.0714  | -\$0.0808    | -\$0.1408 |
| Dec-18 | \$2.0765  | -\$0.0810    | -\$0.1406 |
| Jan-19 | \$2.0824  | -\$0.0808    | -\$0.1401 |
| Feb-19 | \$2.0814  | -\$0.0807    | -\$0.1397 |
| Mar-19 | \$2.0741  | -\$0.0806    | -\$0.1385 |
| Apr-19 | \$2.0700  | -\$0.0800    | -\$0.1366 |
| May-19 | \$2.0571  | -\$0.0779    | -\$0.1322 |
| Jun-19 | \$2.0563  | -\$0.0764    | -\$0.1280 |
| Jul-19 | \$2.0631  | -\$0.0757    | -\$0.1264 |
| Aug-19 | \$2.0700  | -\$0.0755    | -\$0.1256 |
| Sep-19 | \$2.0770  | -\$0.0756    | -\$0.1267 |
| Oct-19 | \$2.0835  | -\$0.0737    | -\$0.1260 |
| Nov-19 | \$2.0907  | -\$0.0726    | -\$0.1262 |
| Dec-19 | \$2.1005  | -\$0.0715    | -\$0.1275 |

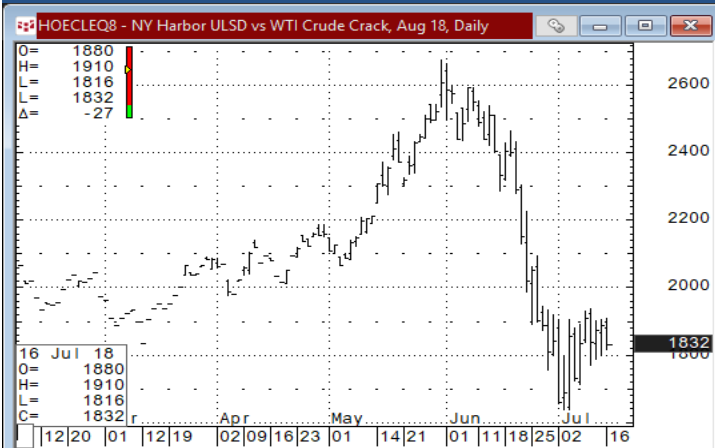
### Sprague HeatCurve Oct 2018-April 2019 \$2.0756

| Other Front Month NYMEX |            | Close     | Change    |
|-------------------------|------------|-----------|-----------|
| Crude - WTI             | Sep Brent- | \$67.0700 | -\$2.8800 |
| Crude - Brent           | WTI Spread | \$71.8400 | -\$3.4900 |
| Natural Gas             | \$4.77     | \$2.7590  | \$0.0070  |
| Gasoline                |            | \$2.0022  | -\$0.1045 |

### ICE September WTI-Brent Spread



## August Heating Oil Crack Spread



## August RBOB Crack Spread

