

Market Commentary

Recap: Oil prices finished higher on Friday. However, they posted their second weekly loss as forecasts for higher global demand and U.S. sanctions against Iran shortcut the effects of supply increases from Russia and concern that trade wars between China and the U.S. will diminish demand. September WTI settled at \$67.63 a barrel, up 82 cents or 1.3% on the day, but 1.3% lower on the week. Brent for October delivery tacked on 74 cents, or 1.03%, to finish at \$72.81 a barrel, down 0.54% on the week.

September RBOB finished up 3.9 cents, or 2%, at \$2.0392 a gallon, but still notched a weekly decline of 1.3%. Meanwhile, September heating oil rose 2.8 cents, or 1.3%, to settle at \$2.1397 a gallon, contributing to a weekly rise of 0.6%.

Fundamental News: Baker Hughes reported that the number of rigs searching for oil increased by 10 to 869 in the week ending August 10th.

The IEA said the oil markets have entered a brief period of calm but a storm may be looming later this year when new sanctions are imposed on Iran. In its monthly report, the IEA kept its 2018 oil demand growth forecast unchanged at 1.4 million bpd but raised its 2019 forecast by about 110,000 bpd to 1.49 million bpd. It said another factor to consider is that trade tensions may escalate and lead to slower economic growth, and in turn lower oil demand. It raised its non-OPEC oil supply growth forecast by 100,000 bpd for 2018 and 2019 to 2 million bpd and 1.85 million bpd, respectively. It said OECD stocks fell by 7.2 million barrels in June to 2.823 million barrels or 32 million barrels below the 5 year average. The IEA reported that OPEC output was steady at 32.18 million bpd in July compared with the previous month as a decline in Saudi Arabia's production was offset by higher output from Kuwait and the UAE. In regards to refinery runs, the IEA forecast that new capacity ramping up and a front-loaded autumn refinery maintenance season will increase global refinery runs in the fourth quarter by 1.1 million bpd on the year to 83.1 million bpd.

The Trump administration forecasts it will persuade countries to cut Iranian oil imports by as much as 1 million bpd when it reimposes sanctions in early November.

Russia's Prime Minister, Dmitry Medvedev, said the country will consider any US move to curb the operations of Russian banks or their foreign currency dealings a declaration of economic war. The US announced a new round of sanctions on Wednesday targeting Russia that pushed the rouble to two-year lows and sparked a wider sell-off. He said Russia would take economic, political or other retaliatory measures against the US if Washington targeted Russian banks. Meanwhile, Russia's President, Vladimir Putin, discussed possible new US sanctions against Russia with his Security Council on Friday. He and members of the Security Council said the latest round of sanctions was absolutely illegal under international law.

Analysts stated that US drivers are unlikely to see prices at the pump fall if the Trump administration releases crude from the SPR because US oil production is already high. The potential release would aim to bring relief to customers who have seen gasoline prices increase 50 cents/gallon in the past year. An analyst at Wood Mackenzie said even if the release temporarily lowers futures contracts prices, there is no guarantee that pump prices will follow and remain lower. It is unlikely to have any measurable impact on the diesel or gasoline market in the US.

Bloomberg reported that global refinery outages reached 2.468 million bpd in the week ending August 9th, compared with 2.347 million bpd a week earlier.

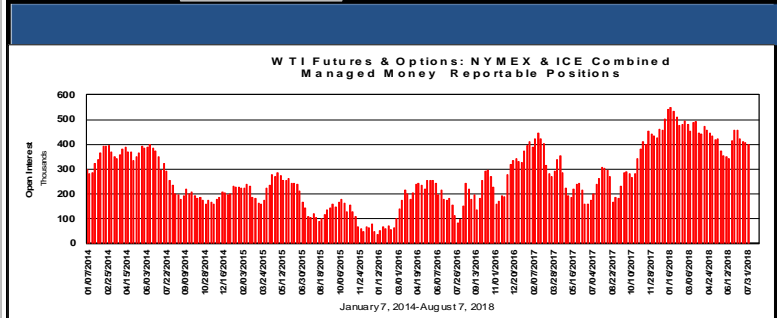
Early Market Call - as of 8:35 AM EDT

WTI - Sep \$67.35 down 28 cents
 RBOB - Sep \$2.0349 down 43 points
 HO - Sep \$2.1427 up 30 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-18	\$2.1397	\$0.0278	\$0.0128
Oct-18	\$2.1435	\$0.0270	\$0.0111
Nov-18	\$2.1453	\$0.0262	\$0.0090
Dec-18	\$2.1465	\$0.0258	\$0.0070
Jan-19	\$2.1495	\$0.0254	\$0.0061
Feb-19	\$2.1458	\$0.0252	\$0.0054
Mar-19	\$2.1363	\$0.0248	\$0.0046
Apr-19	\$2.1204	\$0.0239	\$0.0034
May-19	\$2.1157	\$0.0232	\$0.0029
Jun-19	\$2.1114	\$0.0229	\$0.0024
Jul-19	\$2.1146	\$0.0228	\$0.0014
Aug-19	\$2.1204	\$0.0225	\$0.0007
Sep-19	\$2.1291	\$0.0227	\$0.0011
Oct-19	\$2.1363	\$0.0228	\$0.0007
Nov-19	\$2.1430	\$0.0239	\$0.0002
Dec-19	\$2.1519	\$0.0245	-\$0.0003
Jan-20	\$2.1658	\$0.0245	\$0.0001

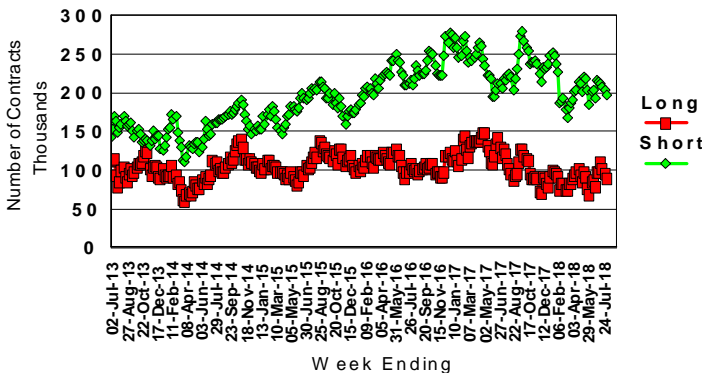
Sprague HeatCurve Oct 2018-April 2019		\$2.1429
Other Front Month NYMEX	Close	Change
Crude - WTI	\$66.9400	\$0.8000
Crude - Brent	\$72.8100	\$0.7400
Natural Gas	\$5.87	-\$0.0110
Gasoline	\$2.0392	\$0.0393



Commitment of Traders Report for the Week Ending August 7, 2018

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

