

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil prices retreated from 3 week highs as concerns regarding supply constraints eased. WTI slipped as much as 2.3%, as it fell back below \$69.00 a barrel, while Brent closed in on \$74.00 a barrel. The sell-off came as a result of a Reuters' survey, which put OPEC production for the month of July at 32.64 million barrels per day, an increase of 70,000 bpd, and a high for the year. Traders also considered the possibility that talks between Iran and the U.S. would vacate the notion of sanctions against Iran. Prices finished near the lows of the day, with September Brent settling at \$74.25 a barrel, down 72 cents, or 0.96%, while WTI for September delivery fell \$1.37, or 1.95%, to settle at \$68.76 a barrel.

September RBOB rose .0327 cents to finish at \$2.0805 a gallon, while September heating oil lost .0391 cents to a settlement of \$2.1374 a gallon.

**Fundamental News:** Crude oil stocks held in Cushing, Oklahoma fell by 500,000 barrels to 23.7 million barrels in the week ending July 27<sup>th</sup>.

Iran's OPEC Governor said US President Donald Trump was mistaken to expect Saudi Arabia and other oil producers to compensate for supply losses caused by US sanctions on Iran. His comments came a day after a Reuters survey showed that OPEC production increased by 70,000 bpd in July. He said oil prices will rise unless the US grants waivers to buyers of Iranian crude.

Iran's President, Hassan Rouhani, said the US withdrawal from the nuclear agreement was "illegal" and said the ball was in "Europe's court" in terms of maintaining ties with Iran.

Separately, the head of Iran's Strategic Council on Foreign Relations, Kamal Kharazi, said that Iran saw no value in US President Donald Trump's offer to meet Iran's President for talks without preconditions.

According to a Reuters survey, oil prices are likely to hold fairly steady this year and next as increased output from OPEC and the US meets increasing demand led by Asia and helps to offset supply disruptions from Iran and elsewhere. The price of Brent is forecast to average \$72.87/barrel in 2018, up from a previous forecast of \$72.58/barrel. The price of WTI crude is forecast to average \$67.32/barrel in 2018 compared with a previous forecast of \$66.79/barrel.

The EIA reported that US crude oil production in May fell by 30,000 bpd to 10.44 million bpd from a revised level of 10.47 million bpd in April. It reported that North Dakota's oil production increased by 25,000 bpd in May. US crude oil exports increased to 2.005 million bpd in May compared with 1.756 million bpd in April. Total refined oil product exports fell to 3.357 million bpd in May compared with 3.691 million bpd in April. US total oil demand in May increased by 1.6% or 318,000 bpd to 20.357 million bpd. Distillate demand increased by 7.7% or 304,000 bpd on the year to 4.273 million bpd while gasoline demand fell by 0.4% or 40,000 bpd on the year to 9.55 million bpd. The EIA also reported that US shipments of crude oil via rail in May fell by 8,000 bpd on the month to 401,000 bpd. Shipments within the US in May fell by 59,000 bpd to 197,000 bpd while shipments from Canada to the US increased by 51,000 bpd to 204,000 bpd.

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

WTI - Sep \$67.68, down \$1.08  
 RBOB - Sep \$2.0549, down 2.58 cents  
 HO - Sep \$2.0985, down 3.88 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-18	\$2.1319	-\$0.0391	-\$0.0007
Sep-18	\$2.1374	-\$0.0391	-\$0.0005
Oct-18	\$2.1453	-\$0.0379	\$0.0012
Nov-18	\$2.1506	-\$0.0380	\$0.0007
Dec-18	\$2.1534	-\$0.0382	-\$0.0003
Jan-19	\$2.1574	-\$0.0381	-\$0.0006
Feb-19	\$2.1554	-\$0.0379	\$0.0002
Mar-19	\$2.1481	-\$0.0375	\$0.0012
Apr-19	\$2.1361	-\$0.0369	\$0.0014
May-19	\$2.1285	-\$0.0360	\$0.0013
Jun-19	\$2.1248	-\$0.0353	\$0.0002
Jul-19	\$2.1293	-\$0.0349	-\$0.0003
Aug-19	\$2.1361	-\$0.0344	-\$0.0002
Sep-19	\$2.1441	-\$0.0333	\$0.0006
Oct-19	\$2.1516	-\$0.0326	\$0.0012
Nov-19	\$2.1597	-\$0.0316	\$0.0017
Dec-19	\$2.1687	-\$0.0310	\$0.0014

**Sprague HeatCurve Oct 2018-April 2019 \$2.1512**

Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent- WTI Spread	\$68.7600	-\$1.3700
Crude - Brent	\$5.49	\$74.2500	-\$0.7200
Natural Gas		\$2.7820	-\$0.0150
Gasoline		\$2.1291	-\$0.0312

**API Report for the Week Ending July 27, 2018**

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Up 5.6 million barrels	Down 2.4 million barrels
Cushing, OK Crude Stocks	Down 930,000 barrels	Down 500,000 barrels
Gasoline Stocks	Down 791,000 barrels	Down 1.5 million barrels
Distillate Stocks	Up 2.9 million barrels	Up 560,000 barrels
Refinery Runs	Up 124,000 bpd	Up 1%, 94.8%

## NYMEX Sep-Oct WTI Spread

## NYMEX Sep-Oct Heating Oil Spread

