

Market Commentary

Recap: Oil prices slipped for the fourth straight week, after reaching 3-1/2 year highs in May. Both Brent and WTI opened the session trading above unchanged, but the lack of follow through to the upside put prices into a downward spiral. The down move accelerated in August Brent below \$74.85, and in July WTI below \$65.50. By mid-afternoon, both blends had fallen more than 3%, with August Brent reaching a low of \$73.12, the lowest level for a spot contract in more than a month, while July WTI fell to \$64.58, its lowest level in a week. Gains were slightly pared, however both blends settled below what were key support levels, now turned resistance. August Brent settled at \$73.44 a barrel, down \$2.50, or 3.29%, a six week low, while July WTI settled at \$65.06 a barrel, down \$1.83, or 2.74%. July RBOB fell 3.2% to \$2.023 a gallon, for a weekly loss of nearly 4.4%, while July heating oil was off 3.3% to end at \$2.087 a gallon—down 3.6% for the week.

Fundamental News: Baker Hughes reported that US energy companies added one oil rig this week, the fourth consecutive week of increases, despite a 9% decline in crudes prices over the past four weeks. The oil rig count in the week ending June 15th increased to 863, the highest level since March 2015.

Russia's Energy Ministry said OPEC and non-OPEC countries that are part of the global oil production cut agreement plan to discuss possible changes in the oil production cut quotas at a meeting in Vienna on June 23rd. The ministry also stated that participants in the output cut deal plan to discuss framework principles for further cooperation between OPEC and non-OPEC countries.

Saudi Arabia plans to host a leaders' oil summit later this year for OPEC and non-OPEC countries participating in a supply cut agreement.

Oil Movements reported that OPEC shipments are expected to increase by 1.13 million bpd to 25.25 million bpd in the four weeks ending June 30th. Mideast shipments, including those from non-OPEC Oman and Yemen, will rise by 1.2 million bpd to 19.52 million bpd.

JBC Energy said the diesel arbitrage to Europe from Asia is wide open. It said East of Suez diesel cracks have fallen to year-to-date lows, potentially allowing for ample spot fixtures in the next few months.

Iran's oil exports in the first two weeks of June fell by 16% on the month to 2.114 million bpd. China's imports of Venezuelan crude could fall to its lowest level in nearly eight years in July as Venezuela struggles with declining output and increasing logistical issues. PetroChina expected its June loadings from Venezuela to be half the normal rates. Only one tanker carrying 2 million barrels of Venezuelan crude is set to arrive in China's eastern province of Shandong in July, down from this year's peak of 11 million barrels in March. Venezuela's PDVSA promised the lost volume would be topped up in July loadings for arrival in August-September.

The finance head of Indian Oil Corp said India's imports of Iranian crude oil may be cut from the end of August after the State Bank of India informed refiners that it will not handle payments for crude from Iran starting in November. The move by the state-controlled bank comes after US President Donald Trump pulled out of an international nuclear deal with Iran last month, pledging to reimpose sanctions within 180 days.

According to Bloomberg, global refinery outages reached 3.19 million bpd in the week ending June 14th. This is compared with 4.13 million bpd a week earlier.

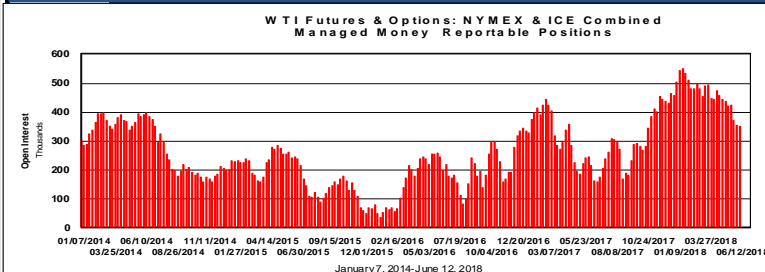
Early Market Call - as of 8:45 AM EDT

WTI - July \$65.22, up 16 cents
RBOB - July \$2.0375, up 1.43 cents
HO - July \$2.1071, up 2.01 cents

All NYMEX | Prior Settlements

| Month | USLD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Jul-18 | \$2.0870 | -\$0.0717 | -\$0.0773 |
| Aug-18 | \$2.0901 | -\$0.0717 | -\$0.0774 |
| Sep-18 | \$2.0945 | -\$0.0713 | -\$0.0775 |
| Oct-18 | \$2.0990 | -\$0.0713 | -\$0.0778 |
| Nov-18 | \$2.1032 | -\$0.0714 | -\$0.0779 |
| Dec-18 | \$2.1064 | -\$0.0706 | -\$0.0767 |
| Jan-19 | \$2.1108 | -\$0.0700 | -\$0.0765 |
| Feb-19 | \$2.1108 | -\$0.0702 | -\$0.0774 |
| Mar-19 | \$2.1053 | -\$0.0702 | -\$0.0789 |
| Apr-19 | \$2.0914 | -\$0.0697 | -\$0.0809 |
| May-19 | \$2.0856 | -\$0.0687 | -\$0.0796 |
| Jun-19 | \$2.0836 | -\$0.0668 | -\$0.0755 |
| Jul-19 | \$2.0874 | -\$0.0665 | -\$0.0717 |
| Aug-19 | \$2.0914 | -\$0.0672 | -\$0.0703 |
| Sep-19 | \$2.0987 | -\$0.0670 | -\$0.0690 |
| Oct-19 | \$2.1039 | -\$0.0669 | -\$0.0691 |
| Nov-19 | \$2.1087 | -\$0.0661 | -\$0.0685 |

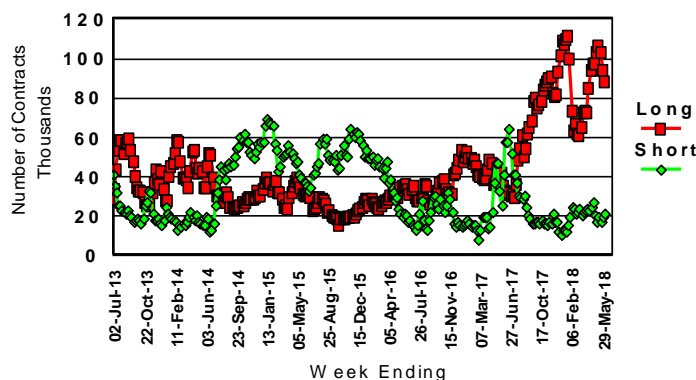
| Sprague HeatCurve Oct 2018-April 2019 | | \$2.1058 |
|---------------------------------------|-----------------------|-----------|
| Other Front Month NYMEX | | Close |
| Crude - WTI | Aug Brent- WTI Spread | \$64.8500 |
| Crude - Brent | | \$73.4400 |
| Natural Gas | \$8.59 | \$3.0220 |
| Gasoline | | \$2.0232 |
| | | Change |
| | | -\$1.8400 |
| | | -\$2.5000 |
| | | \$0.0570 |
| | | -\$0.0678 |



Commitment of Traders Report for the Week Ending June 12, 2018

Managed Money Heat Positons

CFTC Commitment of Traders Report



Producer/Merchant Heat Positons

CFTC Commitment of Traders Report

