

Market Commentary

Recap: Trading was volatile on Monday, with oil prices slipping early in the session. July WTI fell as much as 2.3%, to a session low of \$63.59 a barrel, while August Brent tumbled 1.3%, to \$72.44 a barrel. The drop in prices came as traders weighed in on the imposition of tariffs on U.S. products by China. This is China's response to the U.S imposition of tariffs on Chinese imports into the U.S. China's actions raise concern for the shipment of U.S. oil, which continues to grow as shale production increases. Oil prices staged a strong comeback on the notion OPEC and other key producers would limit the amount of output increases. After reaching session lows, both blends worked their way back to fresh highs, with July WTI trading back toward \$66, peaking the session at \$65.98 before paring gains to settle at \$65.85 a barrel, up 79 cents, or 1.21%. August Brent touched \$75.48, prior to settling up \$1.90, or 2.59%, at \$75.34 a barrel.

July RBOB rose by nearly 1.6% to \$2.055 a gallon and July heating oil climbed by 2.1% to \$2.132 a gallon.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending June 15th fell by 510,219 barrels on the week but increased by 120,926 barrels from Tuesday, June 12th to 35,421,702 barrels.

Libya's National Oil Corp said storage capacity at Ras Lanuf port had been cut by 400,000 barrels to 550,000 barrels after a second crude oil tank was set on fire amid fighting between rival factions for control of two key export terminals. The NOC warned that the fire that broke out at storage tank No. 2 early on Sunday could spread to three other tanks, which would stop exports from Ras Lanuf port completely. Fighting over Ras Lanuf and the port of Es Sider started on Thursday, when an armed force opposed to Khalifa Haftar's Libyan National Army stormed the terminals. The attack led the NOC to shut the ports and evacuate its workers, declaring force majeure on exports. The NOC said the production loss from fighting at the ports was 240,000 barrels expected to rise to 400,000 bpd if they remained shut.

The UAE's Energy Minister, Suhail al-Mazrouei, said that the oil market is moving closer to rebalancing.

Russia's Energy Minister, Alexander Novak, said the OPEC and non-OPEC countries will consider increasing output by 1.5 million bpd in the third quarter only. He said Russia and Saudi Arabia have agreed to extend cooperation indefinitely and will discuss the agreement in Vienna this week.

Qatar's Former Energy Minister, Abdullah bin Hamad al-Attiyah, said oil prices trading between \$70-\$75/barrel are reasonable for consumers and producers.

Goldman Sachs forecast a tighter oil market for a longer time amid strong demand growth and the likelihood that rising supply disruptions could counter any increase in OPEC's output. It said its updated global supply-demand balance continues to point to further declines in inventories and higher oil prices in the second half of the year, reiterating its Brent price forecast for a peak of \$82.50/barrel during the summer and a year-end estimate of \$75/barrel. The bank said it expects core OPEC and Russia production to increase by 1 million bpd by year end and by another 500,000 bpd in the first half of 2019 but would be offset by increased disruptions in Venezuela and Iran.

The EIA reported that US crude production from major shale formations is expected to increase 141,000 bpd in July to a record 7.34 million bpd.

Early Market Call - as of 8:45 AM EDT

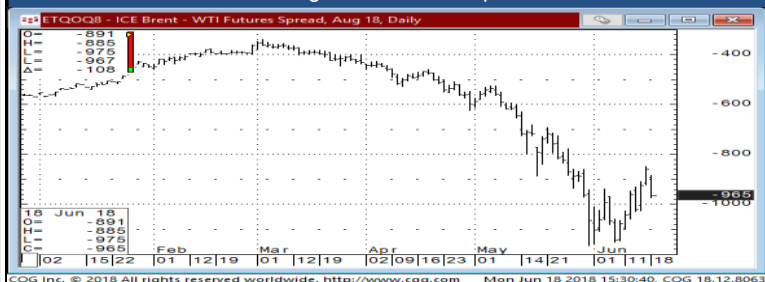
WTI - July \$64.88, down 96 cents
 RBOB - July \$2.0353, down 1.95 cents
 HO - July \$2.1219, down 95 points

All NYMEX | Prior Settlements

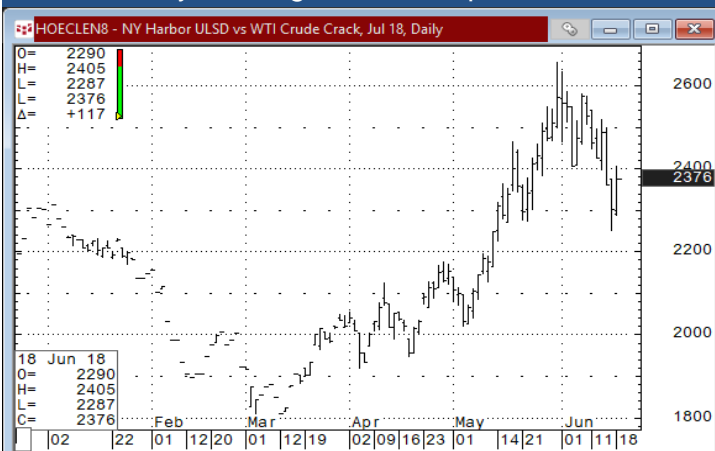
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-18	\$2.1316	\$0.0446	-\$0.0291
Aug-18	\$2.1337	\$0.0436	-\$0.0311
Sep-18	\$2.1376	\$0.0431	-\$0.0321
Oct-18	\$2.1417	\$0.0427	-\$0.0330
Nov-18	\$2.1459	\$0.0427	-\$0.0336
Dec-18	\$2.1490	\$0.0426	-\$0.0330
Jan-19	\$2.1533	\$0.0425	-\$0.0331
Feb-19	\$2.1524	\$0.0416	-\$0.0354
Mar-19	\$2.1456	\$0.0403	-\$0.0388
Apr-19	\$2.1294	\$0.0397	-\$0.0412
May-19	\$2.1242	\$0.0386	-\$0.0416
Jun-19	\$2.1206	\$0.0370	-\$0.0404
Jul-19	\$2.1250	\$0.0376	-\$0.0377
Aug-19	\$2.1294	\$0.0380	-\$0.0364
Sep-19	\$2.1366	\$0.0379	-\$0.0348
Oct-19	\$2.1408	\$0.0369	-\$0.0359
Nov-19	\$2.1446	\$0.0359	-\$0.0366

Sprague HeatCurve Oct 2018-April 2019		\$2.1522	
Other Front Month NYMEX		Close	Change
Crude - WTI	Aug Brent-	\$65.6900	\$0.8400
Crude - Brent	WTI Spread	\$75.3400	\$1.9000
Natural Gas	\$9.65	\$2.9510	-\$0.0710
Gasoline		\$2.0546	\$0.0314

ICE August WTI-Brent Spread



July Heating Oil Crack Spread



July RBOB Crack Spread

