

Market Commentary

Recap: Despite a Reuters survey showing that OPEC increased production by 70,000 barrels per day during the month of July, oil prices rose, with WTI settling above \$70 a barrel for the first time in 3 weeks. Prices remain on the defensive due to an outlook calling for tight supplies, as U.S. inventories slip to a 3 year low and as global supplies fall below record levels seen in 2017. September WTI tacked on \$1.44, or 2.10%, for a settlement of \$70.13 a barrel, while Brent for September delivery rose 68 cents, or 0.92%, to settle at \$74.97 a barrel.

September RBOB rose .0004 cents to finish at \$2.1132 a gallon, while September heating oil increased 1.71 cents to a settlement of \$2.1765 a gallon.

Fundamental News: US President, Donald Trump, said he would be willing to meet Iranian leaders without preconditions to discuss how to improve ties after he pulled the US out of the Iran nuclear deal.

According to a Reuters survey, OPEC's oil output has increased to a 2018 high as Gulf members produced more following a deal to ease supply cuts and Congo Republic joined the group. OPEC produced a total of 32.64 million bpd in July, up 70,000 bpd on the month. Saudi Arabia increased its supply in July by a further 50,000 bpd from June's revised level because crude use in refineries and power plants has increased while exports have held close to June's rate. Nigeria's output increased by 50,000 bpd on the month. The addition of Congo Republic to OPEC in June added about 320,000 bpd to production.

Britain's union, Unite, said workers at three of Total's British offshore and oil and gas platforms went ahead with a 12-hour strike on Monday, with further strike action planned if no agreement is reached. The strike by 45 workers at Alwyn, Elgin and Dunbar platforms in the North Sea on Monday followed a 24 hour strike at the same sites last Monday. Britain's union has scheduled 24-hour stoppages on August 6th and 20th and a 12-hour strike on August 13th if it is unable to find an agreement with Total.

Barclays maintained its estimate of disruption to Iran's crude exports at about 700,000 bpd but sees significant upside risk to oil prices in the fourth quarter as a result of sanctions. However, it stated that the White House may have to ease pressure on Iranian sanctions enforcement because of geopolitical fallout and implications for oil prices.

Supply of five North Sea crude oil grades underpinning the Brent benchmark will average 960,000 bpd in September, up from 949,000 bpd in August.

India's Oil Minister, Dharmendra Pradhan, said refiners in India loaded about 12% less Iranian oil in June than in May. Indian refiners bought about 664,000 bpd of Iranian oil in June. India loaded about 715,600 bpd from Iran in April-June 2018, up 45% from the previous quarter.

Bank of America Merrill Lynch said the Brent curve is set for an upward move in the first half of 2019. It said geopolitical risks, lower stocks and limited spare capacity could lead to a parallel upward move.

IIR Energy reported that US oil refiners are expected to shut in 313,000 bpd of capacity in the week ending August 3rd, increasing available refining capacity by 203,000 bpd from the previous week. IIR expects offline capacity to fall to 251,000 bpd in the week ending August 10th.

Early Market Call - as of 9:00 AM EDT

WTI - Sep \$69.45, down 68 cents

RBOB - Aug \$2.1586, down 1.26 cents

HO - Aug \$2.1424, down 1.58 cents

All NYMEX | Prior Settlements

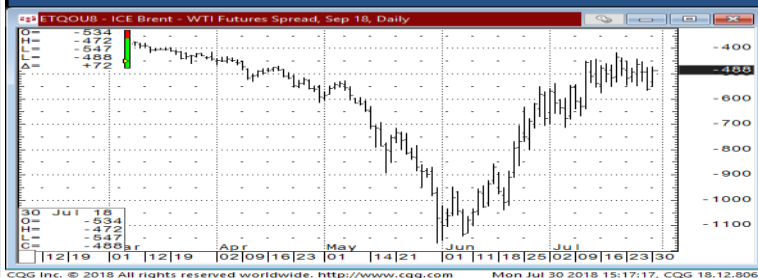
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-18	\$2.1710	\$0.0158	\$0.0530
Sep-18	\$2.1765	\$0.0171	\$0.0536
Oct-18	\$2.1832	\$0.0173	\$0.0543
Nov-18	\$2.1886	\$0.0169	\$0.0540
Dec-18	\$2.1916	\$0.0168	\$0.0530
Jan-19	\$2.1955	\$0.0172	\$0.0525
Feb-19	\$2.1933	\$0.0183	\$0.0531
Mar-19	\$2.1856	\$0.0190	\$0.0540
Apr-19	\$2.1705	\$0.0188	\$0.0541
May-19	\$2.1645	\$0.0183	\$0.0533
Jun-19	\$2.1601	\$0.0176	\$0.0516
Jul-19	\$2.1642	\$0.0175	\$0.0505
Aug-19	\$2.1705	\$0.0174	\$0.0504
Sep-19	\$2.1774	\$0.0174	\$0.0504
Oct-19	\$2.1842	\$0.0174	\$0.0504
Nov-19	\$2.1913	\$0.0169	\$0.0500
Dec-19	\$2.1997	\$0.0172	\$0.0487

Sprague HeatCurve Oct 2018-April 2019

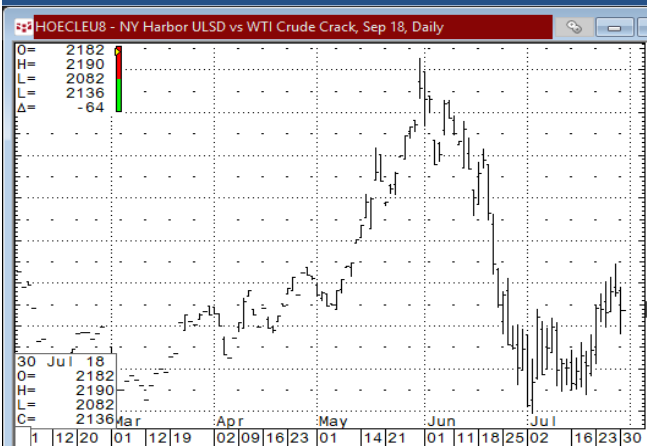
\$2.1891

Other Front Month NYMEX		Close	Change
Crude - WTI	Sep Brent-	\$70.1300	\$1.4400
Crude - Brent	WTI Spread	\$74.9700	\$0.6800
Natural Gas	\$4.84	\$2.7970	\$0.0150
Gasoline		\$2.1603	-\$0.0016

ICE September WTI-Brent Spread



September Heating Oil Crack Spread



September RBOB Crack Spread

