

Market Commentary

Recap: Oil prices rose on Friday, lifted by strike actions in Norway and Iraq, however upside potential was limited by the reopening of ports in Libya and sentiment that Iran may still export oil in light of U.S. sanctions. Despite daily gains, oil prices settled lower for the second straight week. September Brent rose to a high of \$75.98 barrel, before paring gains for a settlement of \$75.33 a barrel, up 88 cents, or 1.18%, or a weekly loss of 4%, while WTI for August delivery reached \$71.66 a barrel, before it too pared gains to settle at \$71.01 a barrel, up 68 cents, or 0.97%, or a weekly loss of 3.7%.

August RBOB rose 1.7% to \$2.107 a gallon, for a weekly loss of 0.1%. August heating oil added 0.5% to \$2.133 a gallon, for a weekly loss of 1.6%.

Fundamental News: According to sources, the Trump administration is actively debating whether to release oil from the Strategic Petroleum Reserve. However, they stated that any draw down of the SPR is not imminent.

Baker Hughes reported that the number of rigs searching for oil in the week ending July 13th was unchanged at 863.

A four day oil workers strike in Norway that may escalate on Monday would have to last a month to impact Aker BP's production from the Valhall field in the North Sea. Hundreds of workers on Norwegian offshore oil and gas rigs went on strike on Tuesday after rejecting a proposed wage deal.

Russia's Energy Minister, Alexander Novak, said OPEC and non-OPEC producers will act in the event that developments in Venezuela and Libya cause an oil market deficit. In regards to Russia's oil production, Russia's Energy Minister said the country restored 80% of the oil production it cut under the OPEC and non-OPEC output cut agreement.

Bank of America Merrill Lynch said the US is unlikely to take a "hard stance" against Iran in the run up to midterm election, resulting in international Brent crude to average \$70/barrel in 2018.

JP Morgan on Friday raised its outlook for oil prices but lowered its forecast for global crude demand growth this year amid increasing uncertainty over international trade. It said prices for Brent crude will average \$70/barrel in both 2018 and 2019, up from an earlier forecast of \$65/barrel and \$60/barrel, respectively. It said oil prices would be limited by rising OPEC spare capacity and short-cycle US shale well economics against a muted demand growth backdrop in 2018/19. It revised its 2018 demand growth outlook to 1.2 million bpd from a previous forecast of 1.4 million bpd. Its 2019 demand forecast was increased to 1.1 million bpd from 1 million bpd.

Royal Dutch Shell lifted a force majeure on Nigeria's Bonny Light crude oil exports on Friday. It declared a force majeure on May 17th following the shutdown of the Nembe Creek Trunk line.

A tanker loaded 800,000 barrels of crude from Libya's Zueitina port on Friday and will add 200,000 barrels more from the Ras Lanuf port on Saturday, enabling storage tanks at both ports to be refilled as local fields resume operations.

IIR Energy reported that US oil refiners are expected to shut in 680,000 bpd of capacity in the week ending July 13th, cutting available refining capacity by 435,000 bpd from the previous week.

Bloomberg reported that global refinery outages reached 2.58 million bpd in the week ending July 12th.

Early Market Call - as of 8:30 AM EDT

WTI - Aug \$69.49, down \$1.53

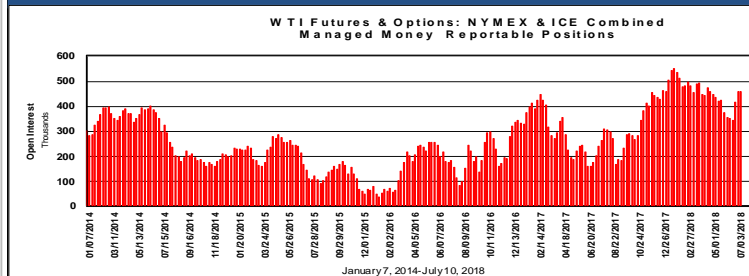
RBOB - Aug \$2.0635, down 4.31 cents

HO - Aug \$2.0944, down 3.92 cents

All NYMEX | Prior Settlements

| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Aug-18 | \$2.1334 | \$0.0103 | -\$0.0350 |
| Sep-18 | \$2.1393 | \$0.0113 | -\$0.0358 |
| Oct-18 | \$2.1457 | \$0.0124 | -\$0.0354 |
| Nov-18 | \$2.1522 | \$0.0134 | -\$0.0341 |
| Dec-18 | \$2.1575 | \$0.0136 | -\$0.0334 |
| Jan-19 | \$2.1632 | \$0.0137 | -\$0.0330 |
| Feb-19 | \$2.1621 | \$0.0137 | -\$0.0330 |
| Mar-19 | \$2.1547 | \$0.0137 | -\$0.0327 |
| Apr-19 | \$2.1455 | \$0.0133 | -\$0.0329 |
| May-19 | \$2.1350 | \$0.0126 | -\$0.0318 |
| Jun-19 | \$2.1327 | \$0.0120 | -\$0.0302 |
| Jul-19 | \$2.1388 | \$0.0113 | -\$0.0295 |
| Aug-19 | \$2.1455 | \$0.0109 | -\$0.0290 |
| Sep-19 | \$2.1526 | \$0.0102 | -\$0.0305 |
| Oct-19 | \$2.1572 | \$0.0091 | -\$0.0324 |
| Nov-19 | \$2.1633 | \$0.0083 | -\$0.0331 |
| Dec-19 | \$2.1720 | \$0.0070 | -\$0.0363 |

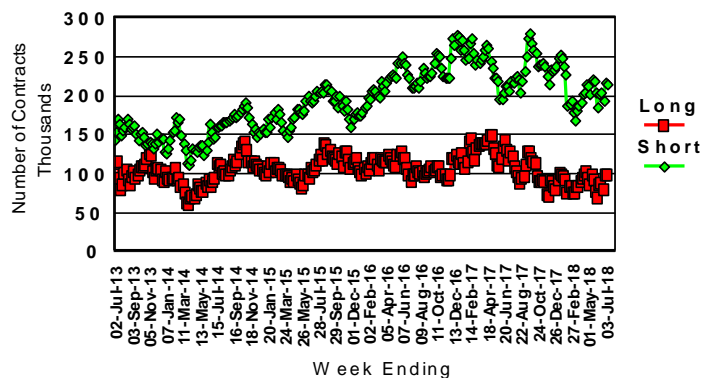
| Sprague HeatCurve Oct 2018-April 2019 | | \$2.1602 | |
|---------------------------------------|------------|-----------|-----------|
| Other Front Month NYMEX | | Close | Change |
| Crude - WTI | Sep Brent- | \$69.9500 | \$0.6000 |
| Crude - Brent | WTI Spread | \$75.3300 | \$0.8800 |
| Natural Gas | \$5.38 | \$2.7520 | -\$0.0450 |
| Gasoline | | \$2.1067 | \$0.0350 |



Commitment of Traders Report for the Week Ending July 10, 2018

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

