

## Market Commentary

**Recap:** Oil prices slipped on Thursday ahead of Friday's long awaited meeting between OPEC and non-OPEC members, where it is widely expected that producers will agree to raise output. August Brent slipped for the third straight session and continues to hold below the 10 and 50-day moving averages, currently set at \$75.32 and \$75.44, respectively. This spot contract settled at \$73.05 a barrel, down \$1.69, or 2.26%. This was the lowest settlement for a spot contract since May 1<sup>st</sup>. After rising briefly to the upside, and unable to gather momentum above \$66.00, WTI reversed course, falling below \$65.32, the 10-day moving average. Losses were slightly pared and this spot contract worked its way back above the Fibonacci retracement level of \$65.50. August WTI settled at \$65.54, down 17 cents, or 0.26%.

July RBOB fell 0.6% to \$2.012 a gallon, while July heating oil slipped 1.8% to settle at \$2.07 a gallon.

**Fundamental News:** OPEC Secretary General, Mohammad Barkindo, said he was confident that OPEC and its allies would have successful meetings this week. OPEC ministers are scheduled to meet on Friday in Vienna, followed by talks with non-OPEC oil producers on Saturday.

Saudi Arabia and Russia on Thursday were trying to convince fellow oil producers to raise output from July to meet rising global demand, with Iran signaling it would support only a modest increase in supply.

Saudi Arabia's Energy Minister, Khalid al-Falih, said the oil market is now rebalanced and added that his aim was to prevent a shortage of crude in the future that could squeeze the market. He said the country is targeting a balanced oil market rather than a particular oil price. He said OPEC will take into account every country's situation in building a consensus on output policy during the OPEC meeting on Friday.

OPEC sources stated that oil ministers will debate on Thursday whether to raise production by 1 million bpd as the main proposal for the upcoming meetings of OPEC and non-OPEC allies. Three OPEC sources said that if the proposal was approved, all OPEC members and their non-OPEC allies could raise supplies pro-rata, with Saudi Arabia adding about 250,000 to 300,000 bpd. They stated that Iran had yet to agree to the proposal.

A source familiar with Iranian thinking said an increase in oil supply would be acceptable if justified from the demand side and agreed upon by all OPEC members.

Eastern Libyan forces are in full control of the Es Sider and Ras Lanuf oil ports. Earlier, a military source said fighting resumed on Thursday around Libya's Ras Lanuf oil port after forces loyal to eastern commander Khalifa Haftar said they had taken full control of the area. Libya has lost about 450,000 bpd of output due to the clashes. Libya's oil production has been cut to between 600,000 and 700,000 bpd from more than 1 million bpd, but Libya's National Oil Corp Chairman, Mustafa Sanalla, said he was expecting a quick restart. Later on Thursday, an oil engineer stated that a third oil storage tank was set on fire during clashes at the Libyan oil port of Ras Lanuf.

Venezuela's Oil Minister, Manuel Quevedo, said US sanctions on Venezuela are an attack against the stability of the global oil market. He said Venezuela was pumping about 1.5 million bpd of oil.

Goldman Sachs forecast a Brent-WTI spread of \$5/barrel in 2018 and \$5.50/barrel in the long term. It sees upside to its base case Brent-WTI forecast of \$5.50/barrel given bottlenecks in Cushing and increasing US production.

**Early Market Call - as of 9:00 AM EDT**

WTI - Aug \$67.36, up \$1.82

RBOB - July \$2.0515, up \$3.89 cents

HO - July \$2.1173, up 4.82 cents

## All NYMEX | Prior Settlements

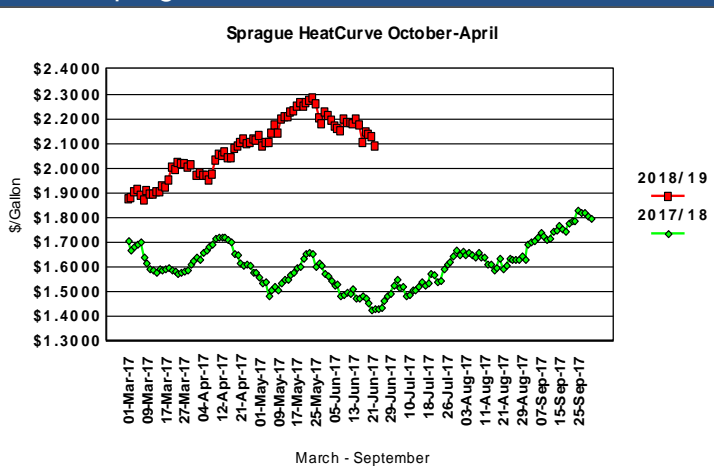
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-18	\$2.0701	-\$0.0370	-\$0.0886
Aug-18	\$2.0742	-\$0.0365	-\$0.0876
Sep-18	\$2.0787	-\$0.0367	-\$0.0871
Oct-18	\$2.0828	-\$0.0372	-\$0.0875
Nov-18	\$2.0870	-\$0.0373	-\$0.0876
Dec-18	\$2.0917	-\$0.0365	-\$0.0853
Jan-19	\$2.0977	-\$0.0362	-\$0.0831
Feb-19	\$2.0978	-\$0.0362	-\$0.0832
Mar-19	\$2.0910	-\$0.0361	-\$0.0845
Apr-19	\$2.0777	-\$0.0356	-\$0.0849
May-19	\$2.0698	-\$0.0353	-\$0.0845
Jun-19	\$2.0671	-\$0.0350	-\$0.0833
Jul-19	\$2.0722	-\$0.0352	-\$0.0817
Aug-19	\$2.0777	-\$0.0349	-\$0.0809
Sep-19	\$2.0863	-\$0.0340	-\$0.0794
Oct-19	\$2.0918	-\$0.0333	-\$0.0790
Nov-19	\$2.0970	-\$0.0323	-\$0.0778

Sprague HeatCurve Oct 2018-April 2019			\$2.0915
Other Front Month NYMEX		Close	Change
Crude - WTI	Aug Brent-	\$65.5400	-\$0.1700
Crude - Brent	WTI Spread	\$73.0500	-\$1.6900
Natural Gas	\$7.51	\$2.9750	\$0.0110
Gasoline		\$2.0123	-\$0.0112

### EIA Natural Gas Storage Report

	15-Jun-18	08-Jun-18	Change	Year Ago
East	406	377	29	510
Midwest	401	372	29	653
Mountain	127	125	2	181
Pacific	246	239	7	280
South Central	824	800	24	1,137
Salt	258	252	6	344
Nonsalt	566	547	19	793
Total	2,004	1,913	91	2,761

## Sprague HeatCurve Winter 2018/19



## ICE August WTI-Brent Spread

