

Market Commentary

Recap: Oil prices tried to claw their way back from yesterday's down day, but was held down by a strengthening dollar. Gains in equity markets spilled over into crude oil, pushing September WTI above \$68.00 a barrel, and October Brent to just below \$74.00 a barrel. Prices fell as the dollar strengthened and as the financial crisis in Turkey heightened economic concerns. After rising as much as 1.8%, prices retreated to below unchanged, with September WTI settling at \$67.04 a barrel, down 16 cents, or 0.21%, and October Brent losing 15 cents, or 0.21%, to settle at \$72.46 a barrel.

September RBOB rose 1.94 cents, or 1%, to close at \$2.0341 a gallon, while September heating oil lost 0.4% to close at \$2.1287 a gallon.

Fundamental News: Bloomberg reported that crude oil stocks held in Cushing, Oklahoma increased by 500,000 barrels in the week ending August 10th.

Some eight ships, all carrying 37,000 metric tons of gasoline are set to head from Northwest Europe to North America. According to Platts cFlow, trade flow software, gasoline cargoes heading from Northwest Europe to Canada and the US in August so far amounted to about 962,000 metric tons as of Monday. Expected arrivals of gasoline for the third week of August were 370,000 metric tons. It also reported that the volume of distillates scheduled to arrive in the Mediterranean and Northwest Europe from the US Gulf Coast in August was about 1.02 million tons as of Monday, with 600,000 metric tons bound for the latter region and 420,000 metric tons for the former.

Libya's oil production has increased to more than 1 million bpd. Production from the country's largest oil field, Sharara, is back to normal levels of 300,000 bpd and the force majeure at Zawiya port has been lifted. Sharara output had declined to 130,000 bpd after workers were evacuated following the kidnapping of staff by an armed group last month.

China's National Statistical Bureau said the country's domestic crude oil output fell by 2.6% on the year to 15.85 million tons or 3.73 million bpd. Crude production over the first seven months of the year fell by 2.1% to 109.95 million tons. China's natural gas production in July increased by 10.5% on the year to 13 billion cubic meters.

Unite said workers at three of Total's North Sea platforms will meet the company on Thursday for further negotiations over working conditions and are considering strike action on six different dates in August, September and October. Industrial action is scheduled to take place on August 20th, September 3rd, September 17th, October 1st, October 5th and October 29th. The Alwyn, Elgin and Dunbar fields' production contributes about 45,000 to 50,000 bpd to the Forties and Brent Blend crude streams.

In addition to pipeline bottlenecks, Canadian heavy oil producers are facing a new barrier to marketing their crude. New rules limiting the amount of sulfur allowed in shipping fuel are expected to cut demand for both high-sulfur fuel oil and the sour crude that yields it.

Early Market Call - as of 8:30 AM EDT

WTI - Sep \$66.34, down 69 cents
 RBOB - Sep \$2.0364, up 23 points
 HO - Sep \$2.1137, down 1.5 cents

All NYMEX | Prior Settlements

| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Sep-18 | \$2.1287 | -\$0.0083 | -\$0.0404 |
| Oct-18 | \$2.1331 | -\$0.0078 | -\$0.0411 |
| Nov-18 | \$2.1362 | -\$0.0064 | -\$0.0410 |
| Dec-18 | \$2.1383 | -\$0.0053 | -\$0.0417 |
| Jan-19 | \$2.1420 | -\$0.0047 | -\$0.0416 |
| Feb-19 | \$2.1388 | -\$0.0042 | -\$0.0411 |
| Mar-19 | \$2.1297 | -\$0.0036 | -\$0.0407 |
| Apr-19 | \$2.1116 | -\$0.0034 | -\$0.0415 |
| May-19 | \$2.1082 | -\$0.0034 | -\$0.0419 |
| Jun-19 | \$2.1034 | -\$0.0033 | -\$0.0417 |
| Jul-19 | \$2.1062 | -\$0.0034 | -\$0.0419 |
| Aug-19 | \$2.1116 | -\$0.0036 | -\$0.0425 |
| Sep-19 | \$2.1199 | -\$0.0039 | -\$0.0426 |
| Oct-19 | \$2.1269 | -\$0.0040 | -\$0.0430 |
| Nov-19 | \$2.1336 | -\$0.0042 | -\$0.0429 |
| Dec-19 | \$2.1429 | -\$0.0037 | -\$0.0422 |
| Jan-20 | \$2.1564 | -\$0.0041 | -\$0.0422 |

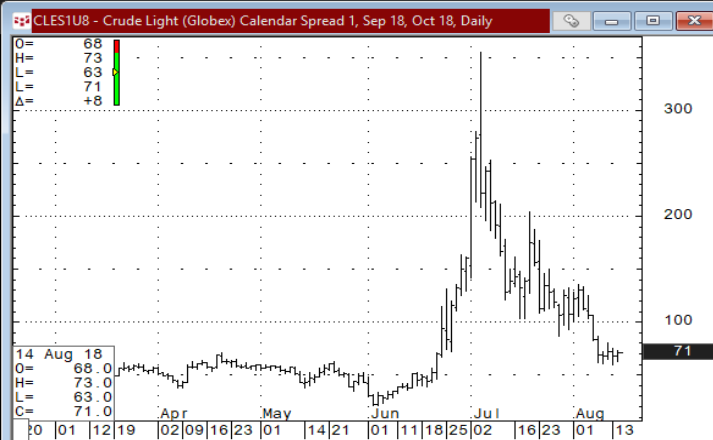
Sprague HeatCurve Oct 2018-April 2019 \$2.1352

| Other Front Month NYMEX | | Close | Change |
|-------------------------|-----------------------|-----------|-----------|
| Crude - WTI | Oct Brent- WTI Spread | \$66.3300 | -\$0.2400 |
| Crude - Brent | WTI Spread | \$72.4600 | -\$0.1500 |
| Natural Gas | \$6.13 | \$2.9590 | \$0.0290 |
| Gasoline | | \$2.0341 | \$0.0194 |

API Report for the Week Ending August 10, 2018

| | Actual | Mkt Expectations |
|---------------------------------|--------------------------|--------------------------|
| Crude Oil Stocks(excluding SPR) | Up 3.7 million barrels | Down 1.7 million barrels |
| Cushing, OK Crude Stocks | Up 1.6 million barrels | Up 500,000 barrels |
| Gasoline Stocks | Down 1.6 million barrels | Down 1 million barrels |
| Distillate Stocks | Up 1.9 million barrels | Up 250,000 barrels |
| Refinery Runs | Up 199,000 bpd | Down 0.4% |

NYMEX Sep-Oct WTI Spread



NYMEX Sep-Oct Heating Oil Spread

