

## Market Commentary

**Recap:** Oil prices slipped on Tuesday, stemming a two-day ascent, as traders turned toward profit taking ahead of this week's inventory reports. The downward move was kept at bay by the weakness in the dollar and by the U.S-Mexico trade deal, which is expected to prop up demand for oil. October WTI experienced an outside trading session, as it achieved a higher high and a lower low than that of the previous session. This spot contract settled at \$68.53 a barrel, down 34 cents, or 0.49%. Meanwhile, October Brent posted a fresh high, but held above yesterday's low, before settling at \$75.95 a barrel, down 26 cents, or 0.34%.

September RBOB fell 0.5% to settle at \$2.079 a gallon. September heating oil slipped 0.2% to settle at \$2.211 a gallon.

**Fundamental News:** Bloomberg reported that crude oil stocks held in Cushing, Oklahoma are expected to increase by 50,000 bpd to 24.213 million barrels in the week ending August 24<sup>th</sup>.

Iran's crude oil and condensate exports in August are expected to fall below 70 million barrels for the first time since April 2017. The US has asked buyers of Iranian crude to cut imports to zero starting in November to force Iran to negotiate a new nuclear agreement and to curb its influence in the Middle East. The total volume of crude and condensate to load in Iran this month is estimated at 64 million barrels, or 2.06 million bpd compared with a peak of 92.8 million barrels or 3.09 million bpd in April.

An adviser at Saudi Arabia's Energy Ministry, Ibrahim al-Muhanna, said current US sanctions on Iran are unlikely to stop Iranian oil exports completely. He stated that Iran would be unable to close the Straits of Hormuz and Bab al-Mandab even partially. He said Iran would be the first to lose out on a move to block those major shipping routes and that any such action would trigger further sanctions on Iran. He added that if Iran closes the Strait of Hormuz, the UN Security Council would likely authorize military action.

Japan's Trade and Industry Minister, Hiroshige Seko, said Japanese oil refiners should judge whether to import Iranian crude. Japan's government has been pushing to maintain Iranian oil imports during talks with the US. Japanese refiners will likely stop loading Iranian crude by mid-September with final shipments arriving in the first half of October.

The United States said industrial action on Total's North Sea oil platforms on September 3<sup>rd</sup> will be suspended. It said the suspension is a gesture of goodwill to provide a more constructive and positive environment for discussions with the company.

Russia's Energy Minister, Alexander Novak, said the country's August crude and condensate output is expected to be flat month on month, signaling a stall in production. In July, Russia produced 47.44 million metric tons or 11.218 million bpd, up 1.4% on the month.

Venezuela's main oil port of Jose is partially operating following a weekend tanker collision that halted one of its three docks, cutting PDVSA's ability to export upgraded crude and receive imported diluents. Crude exports from Jose were running earlier this year at about 900,000 bpd.

A fire broke out on Tuesday morning on a roof seal of a Plains All American Pipeline crude storage tank east of Wichita Falls, Texas. The fire was limited to a single storage tank at its facility. Wichita Falls is a crude injection point in north Texas along Plain's Basin Pipeline, which runs from the Permian Basin to the oil storage hub at Cushing, Oklahoma. Crude was flowing at a rate of nearly 409,000 bpd when the Basin pipeline was shut after decreased power consumption was observed on Tuesday morning.

**Early Market Call - as of 8:20 AM EDT**

WTI - Sep \$68.99, up 45 cents

RBOB - Sep \$2.0833, up 36 points

HO - Sep \$2.2247, up 1.36 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-18	\$2.2114	-\$0.0035	\$0.0878
Oct-18	\$2.2170	-\$0.0036	\$0.0889
Nov-18	\$2.2202	-\$0.0038	\$0.0894
Dec-18	\$2.2214	-\$0.0039	\$0.0879
Jan-19	\$2.2230	-\$0.0047	\$0.0860
Feb-19	\$2.2188	-\$0.0054	\$0.0846
Mar-19	\$2.2090	-\$0.0061	\$0.0831
Apr-19	\$2.1859	-\$0.0065	\$0.0820
May-19	\$2.1852	-\$0.0065	\$0.0804
Jun-19	\$2.1792	-\$0.0062	\$0.0792
Jul-19	\$2.1811	-\$0.0063	\$0.0776
Aug-19	\$2.1859	-\$0.0065	\$0.0765
Sep-19	\$2.1931	-\$0.0069	\$0.0746
Oct-19	\$2.1993	-\$0.0071	\$0.0737
Nov-19	\$2.2034	-\$0.0080	\$0.0722
Dec-19	\$2.2094	-\$0.0083	\$0.0728
Jan-20	\$2.2192	-\$0.0087	\$0.0703

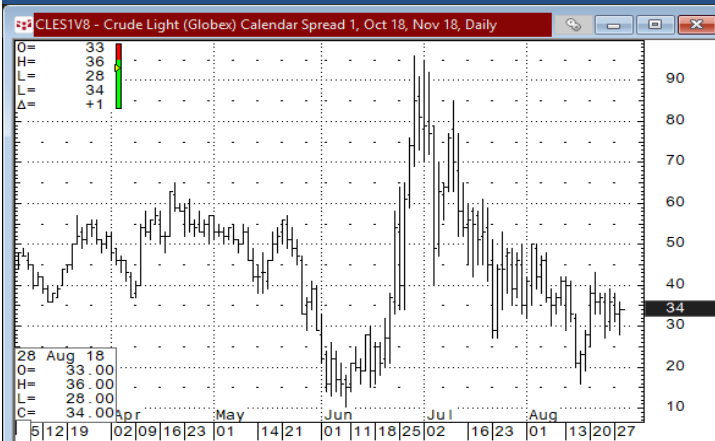
**Sprague HeatCurve Oct 2018-April 2019** **\$2.2164**

Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent-	\$68.5300	-\$0.3400
Crude - Brent	WTI Spread	\$75.9500	-\$0.2600
Natural Gas	\$7.42	\$2.8520	-\$0.0240
Gasoline		\$2.0787	-\$0.0109

## API Report for the Week Ending August 24, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Up 38,000 barrels	Down 3 million barrels
Cushing, OK Crude Stocks	Up 130,000 barrels	Up 50,000 barrels
Gasoline Stocks	Up 21,000 barrels	Down 160,000 barrels
Distillate Stocks	Up 982,000 barrels	Up 1.7 million barrels
Refinery Runs	Down 343,000 bpd	Unchanged at 97%

## NYMEX Oct-Nov WTI Spread



## NYMEX Sep-Oct Heating Oil Spread

