

Market Commentary

Recap: Oil prices fell sharply on Tuesday after the EIA reported a 1.2 million barrel draw in U.S. crude oil inventories. This was in stark contrast to Tuesday's API report, which showed a draw of 4.5 million barrels. August WTI, which was trading around the \$74.00 level, slipped 1.2%, to \$72.89. A rebound ensued, with this spot contract recapturing part of its aforementioned loss; however, a second wave of pressure pushed it to a fresh daily low of \$72.53. Lacking sustainability at this level, a slight rebound followed, with August WTI settling at \$72.94, down \$1.20, or 1.62%. September Brent fell 85 cents, or 1.09%, to settle at \$77.39.

August RBOB rose 0.5% to \$2.129 a gallon, while August heating oil tacked on 0.7% to \$2.179 a gallon.

Fundamental News: US President Donald Trump again accused OPEC of driving gasoline prices higher on Wednesday and urged the producer group to do more. In a tweet on Saturday, President Trump said "the OPEC Monopoly must remember that gas prices are up & they are doing little to help. If anything, they are driving prices higher as the US defends many of their members for very little \$'s. This must be a two way street. REDUCE PRICING NOW!"

In response, Iran's OPEC Governor, Hossein Kazempour Ardebili, said US President Donald Trump has raised prices through his tweets. He said President Trump's tweets have increased prices by at least \$10. He said oil will soon cost \$100/barrel due to supply disruptions caused by US President Donald Trump. He also stated that Trump was trying to intensify tensions between Iran and Saudi Arabia and called on the US to join world powers in meeting with Iran in Vienna on Friday.

Suncor Energy Inc said the Syncrude oil sands site in northern Alberta is commissioning its steam systems, taking an important step towards restarting operations. The facility, which can produce up to 360,000 bpd of crude, was hit by a power outage last month and was expected to remain down through July.

Saudi Arabia has told OPEC that it pumped 10.448 million bpd of crude oil in June, up from 10.03 million bpd in May.

Russia's oil production increased to 11.193 million bpd on July 1-4 from 11.06 million bpd in June.

Royal Dutch Shell said a force majeure is still in place for Nigeria's Bonny Light crude exports. It declared a force majeure on May 17th following the shutdown of the Nembe Creek trunk line. A Shell spokesman said the Trans-Ramos pipeline that feeds some crude to the Forcados export terminal was still down. The pipeline has been down since April 24th due to leaks.

Britain's largest labor union, Unite the Union, announced a series of 24 hour and 12 hour rig worker strikes at Total's North Sea oil and gas platforms. The strike will affect Total's Alwyn, Dunbar and Elgin-Franklin platforms. There will be three 24 hour strikes on July 23rd, August 6th and August 20th as well as two 12 hour stoppages on July 30th and August 13th.

IIR Energy reported that US oil refiners are expected to shut in 203,000 bpd of capacity in the week ending July 6th, cutting available refining capacity by 28,000 bpd on the week. IIR expects offline capacity to increase to 318,000 bpd in the week ending July 13th.

Early Market Call - as of 8:50 AM EDT

WTI - Aug \$72.37, down 58 cents

RBOB - Aug \$2.0973, down 3.16 cents

HO - Aug \$2.1568, down 2.21 cents

All NYMEX | Prior Settlements

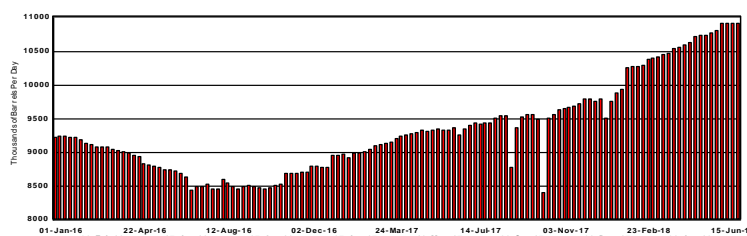
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-18	\$2.1787	\$0.0145	-\$0.0003
Sep-18	\$2.1835	\$0.0124	-\$0.0016
Oct-18	\$2.1887	\$0.0112	-\$0.0024
Nov-18	\$2.1932	\$0.0104	-\$0.0032
Dec-18	\$2.1979	\$0.0095	-\$0.0030
Jan-19	\$2.2028	\$0.0086	-\$0.0030
Feb-19	\$2.2008	\$0.0083	-\$0.0030
Mar-19	\$2.1921	\$0.0086	-\$0.0035
Apr-19	\$2.1776	\$0.0088	-\$0.0029
May-19	\$2.1705	\$0.0091	-\$0.0025
Jun-19	\$2.1664	\$0.0094	-\$0.0025
Jul-19	\$2.1716	\$0.0096	-\$0.0023
Aug-19	\$2.1776	\$0.0095	-\$0.0026
Sep-19	\$2.1860	\$0.0093	-\$0.0035
Oct-19	\$2.1916	\$0.0089	-\$0.0022
Nov-19	\$2.1971	\$0.0087	-\$0.0021
Dec-19	\$2.2073	\$0.0087	-\$0.0006

Sprague HeatCurve Oct 2018-April 2019 \$2.1956

Other Front Month NYMEX	Close	Change
Crude - WTI	\$70.6300	-\$0.9600
Crude - Brent	\$77.3900	-\$0.8500
Natural Gas	\$2.8370	-\$0.0330
Gasoline	\$2.1293	\$0.0117

Sep Brent-WTI Spread \$6.76

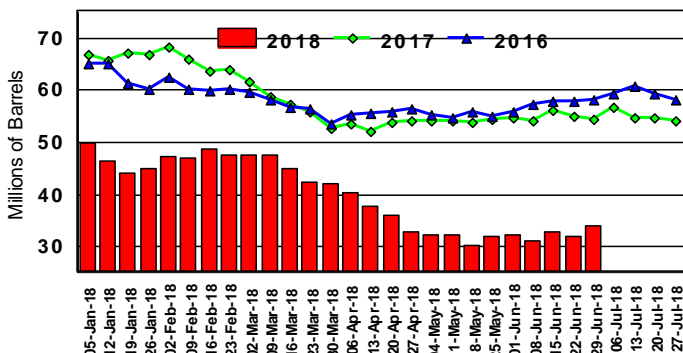
U.S. Domestic Crude Production



EIA Weekly Petroleum Status Report for the Week Ending June 29, 2018

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.245million barrels

Cushing, OK Crude Stocks Down 2.113 million barrels

Gasoline Stocks Down 1.505 million barrels

Distillate Stocks Up 134,000 barrels

Refinery % Operated 97.1%, Down 0.4%

PADD #1

Distillate Stocks (in million bbls)	Week Ending June 29, 2018	Week Ending June 22, 2018	Week Ending June 30, 2017
New England	4.9	4.7	8.6
Central Atlantic	15.6	15.6	32.7
Total PADD #1	33.8	31.7	54.3
Distillate Imports (thousands b/d)	62	46	107