

Market Commentary

Recap: Oil prices rose in overnight trading after the IEA cautioned that spare supply and output capacity "could be stretched to the limit." September Brent rose \$1.70, or 2.3%, reaching a session high of \$75.10 a barrel, while August WTI tacked on 86 cents, or 1.2%, topping the session at \$71.24. Lacking sustenance, the rally ran out of steam, and prices slipped to fresh weekly lows. Brent dipped below \$73.00 a barrel, while WTI traded below \$70.00 a barrel. This is the lowest level both blends have traded in just over 2 weeks. Divergence entered the market, with Brent erasing its losses, while WTI continued to trade to the downside, kept under pressure by a rise in the dollar. September Brent settled at \$74.45 a barrel, up \$1.05, or 1.43%, while August WTI fell 5 cents, or 0.07%, to settle at \$70.33 a barrel.

August RBOB rose 0.5% to \$2.072 a gallon, after a 4.6% retreat Wednesday. August heating oil added 1.1% to \$2.123 a gallon. The contract fell 5.5% Wednesday.

Fundamental News: The IEA stated that the world's oil supply cushion could be stretched to the limit due to prolonged outages, supporting prices and threatening demand growth. It said it in its monthly Oil Markets Report that there were already "very welcome" signs that output from leading producers had been increased and may reach a record. It however said that the disruptions underscored the pressure on global supplies as the world's spare production capacity cushion "might be stretched to the limit." The IEA said OPEC crude production in June reached a four-month high of 31.87 million bpd. Spare capacity in the Middle East in July was 1.6 million bpd, about 2% of global output. The IEA maintained its 2018 oil demand growth forecast at 1.4 million bpd, but warned that higher prices could dampen consumption.

Iran's OPEC Governor, Hossein Kazempour Ardebili, said that an increase in oil prices caused by the US' sanctions policies will hurt economic growth in China, Europe and other consumers. He stated that the increase in oil output by OPEC and its allies was only 170,000 bpd in June and would not increase much in 2019, also weighing on economic growth. He said US President Donald Trump may be disappointed by the scale of the production increase so far and voiced skepticism that Saudi Arabia and Russia could add much more oil in 2019.

US President Donald Trump claimed a personal victory at a NATO summit on Thursday, saying allies had sharply increased their defense spending commitments after he prompted a crisis session with European leaders.

Libya's National Oil Corp said it was reopening the El Feel oilfield after resolving a dispute with guards over pay and benefits that shut it down in February. Production at El Feel was expected to reach 50,000 bpd in two days and 72,000 bpd in three days.

Separately, Libya's Abu Attif oil field, which had been shut for about two weeks due to a stand-off at eastern export terminals, has resumed operations. An oil source said the production restart would be gradual, and that the field's recent output had been 50,000-60,000 bpd, just below its 70,000 bpd capacity.

The leader of the Norwegian Safe union, which represents hundreds of striking oil workers, said the union had not been in touch with the Shipowners' Association, which represents employers. The union plans to send an additional 901 workers on strike from midnight on Sunday, unless the dispute is resolved. The Norwegian Shipowners' Association said it did not intend to initiate contact with Safe on Thursday.

Early Market Call - as of 8:50 AM EDT

WTI - Aug \$70.58, up 25 cents
 RBOB - Aug \$2.0755, up 44 points
 HO - Aug \$2.1199, down 32 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-18	\$2.1231	\$0.0223	-\$0.0556
Sep-18	\$2.1280	\$0.0216	-\$0.0555
Oct-18	\$2.1333	\$0.0209	-\$0.0554
Nov-18	\$2.1388	\$0.0209	-\$0.0544
Dec-18	\$2.1439	\$0.0210	-\$0.0540
Jan-19	\$2.1495	\$0.0210	-\$0.0533
Feb-19	\$2.1484	\$0.0206	-\$0.0524
Mar-19	\$2.1410	\$0.0206	-\$0.0511
Apr-19	\$2.1346	\$0.0203	-\$0.0500
May-19	\$2.1224	\$0.0206	-\$0.0481
Jun-19	\$2.1207	\$0.0210	-\$0.0457
Jul-19	\$2.1275	\$0.0212	-\$0.0441
Aug-19	\$2.1346	\$0.0213	-\$0.0430
Sep-19	\$2.1424	\$0.0208	-\$0.0436
Oct-19	\$2.1481	\$0.0209	-\$0.0435
Nov-19	\$2.1550	\$0.0208	-\$0.0421
Dec-19	\$2.1650	\$0.0196	-\$0.0423

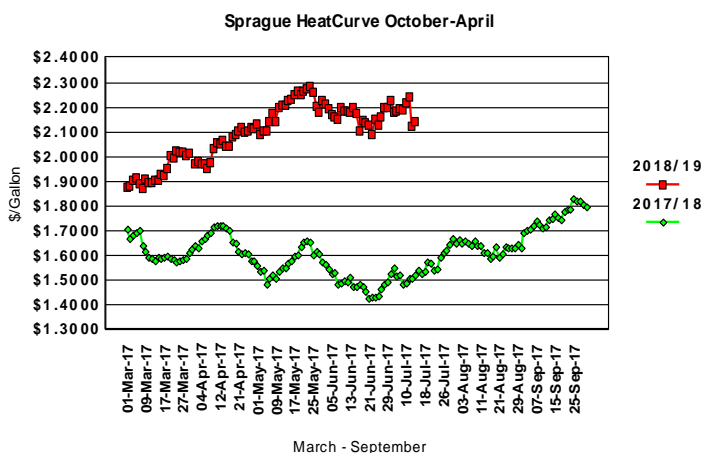
Sprague HeatCurve Oct 2018-April 2019

Other Front Month NYMEX		Close	Change
Crude - WTI	Sep Brent-	\$69.3500	\$0.4900
Crude - Brent	WTI Spread	\$74.4500	\$1.0500
Natural Gas	\$5.10	\$2.7970	-\$0.0320
Gasoline		\$2.0717	\$0.0103

EIA Natural Gas Storage Report

	06-Jul-18	29-Jun-18	Change	Year Ago
East	480	460	20	585
Midwest	477	455	22	716
Mountain	143	139	4	192
Pacific	260	257	3	291
South Central	843	841	2	1,144
Salt	238	245	-7	328
Nonsalt	605	596	9	816
Total	2,203	2,152	51	2,928

Sprague HeatCurve Winter 2018/19



ICE September WTI-Brent Spread

