

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices finished higher on Tuesday, ahead of the U.S. Fourth of July holiday. Trading was volatile, with prices experiencing wide swings. After opening the session slightly above unchanged, August WTI ticked higher before falling into a pattern of sideways between the range of \$74.42 and \$74.93. As the sun rose on the East Coast, so did the price of oil. A break to the upside took WTI above \$75.00 a barrel for the first time in 3-1/2 years, with the August contact peaking the session at \$75.27. News of the possibility of production starting ahead of schedule at Syncrude Canada's oil sands facility sent oil prices tumbling, with spot WTI falling \$2.33, to a session low of \$72.73. Losses were pared as traders booked transactions ahead of the holiday, August WTI settled at \$74.14 a barrel, up 20 cents, or 0.27%. September Brent settled at \$77.76, up 46 cents, or 0.60%. August RBOB tacked on 0.6% to \$2.118 a gallon and August heating oil rose 0.4% to \$2.164 a gallon.

Fundamental News: Iran's President, Hassan Rouhani, said the country will continue to respect its nuclear agreement with world powers as long as its interests are preserved. He also stated that the US will never be able to "zero" Iran's oil exports. He said regional oil exports may be threatened if the US tries to pressure clients to stop buying Iranian crude oil. Iranian officials in the past have threatened to block the Strait of Hormuz in case of hostile US action against Iran.

Iranian state news agency IRNA reported that foreign ministers of Iran and the five world powers still party to the international nuclear accord will meet in Vienna on Friday to discuss ways of maintaining the deal after the US' withdrawal.

The US State Department's Director of Policy Planning, Brian Hook, said the US will work with Iran oil importers on a case by case basis.

Bloomberg reported that crude oil stocks held in Cushing, Oklahoma fell by 2 million barrels to 27.89 million barrels in the week ending June 29th.

According to Bloomberg, preliminary US waterborne crude imports increased by 615,000 bpd to 5.479 million bpd in the week ending June 12th.

According to a statement by the Saudi Energy Ministry, Saudi Arabia's Energy Minister Khalid al-Falih discussed the oil market developments with his Russian counterpart, Alexander Novak, and both agreed to continue close coordination in the interest of producers, consumers and the global economy. Saudi Arabia's cabinet on Tuesday affirmed the country's readiness to deploy its spare oil production capacity to maintain market balance and stability.

According to a Bloomberg News survey of analysts, Saudi Arabia is delivering on its promise to increase output by 330,000 bpd in June to 10.3 million bpd. It is the largest monthly increase in production since July 2013. However disruptions in Libya and supply losses in Venezuela and Angola, meant overall output from OPEC increased by only 30,000 bpd to 31.83 million bpd.

The UAE's Energy Minister, Suhail al-Mazrouei, said that OPEC will aim to adhere to the group's overall conformity levels for the rest of 2018 and that the UAE is ready to help alleviate any possible oil supply shortage. Separately, the UAE's Abu Dhabi National Oil Co said it has the ability to increase its oil production by several hundred thousand barrels per day if that is required to alleviate any potential supply shortage in the global market.

Genscape reported that Syncrude production in July will average nearly 20,000 bpd, if the power trip in June is similar to last year's hydrotreater explosion. It forecasts a return to service in August at 190,000 bpd and expects overall June volumes to have been cut by about 100,000 bpd leading to production in the 180,000 to 200,000 bpd range.

Early Market Call - as of 8:35 AM EDT

WTI - Aug \$74.36, up 22 cents

RBOB - Aug \$2.1265, up 94 points

HO - Aug \$2.1808, up 1.66 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-18	\$2.1642	\$0.0084	\$0.0317
Sep-18	\$2.1711	\$0.0081	\$0.0317
Oct-18	\$2.1775	\$0.0077	\$0.0314
Nov-18	\$2.1828	\$0.0071	\$0.0305
Dec-18	\$2.1884	\$0.0072	\$0.0303
Jan-19	\$2.1942	\$0.0074	\$0.0297
Feb-19	\$2.1925	\$0.0076	\$0.0277
Mar-19	\$2.1835	\$0.0074	\$0.0244
Apr-19	\$2.1681	\$0.0077	\$0.0231
May-19	\$2.1614	\$0.0080	\$0.0216
Jun-19	\$2.1570	\$0.0078	\$0.0194
Jul-19	\$2.1620	\$0.0079	\$0.0183
Aug-19	\$2.1681	\$0.0072	\$0.0180
Sep-19	\$2.1767	\$0.0063	\$0.0169
Oct-19	\$2.1827	\$0.0068	\$0.0176
Nov-19	\$2.1884	\$0.0070	\$0.0173
Dec-19	\$2.1986	\$0.0078	\$0.0180

Sprague HeatCurve Oct 2018-April 2019 \$2.1865

Other Front Month NYMEX		Close	Change
Crude - WTI	Sep Brent-	\$71.5900	-\$0.0300
Crude - Brent	WTI Spread	\$77.7600	\$0.4600
Natural Gas	\$6.17	\$2.8700	\$0.0080
Gasoline		\$2.1176	\$0.0128

API Report for the Week Ending June 29, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Down 4.5 million barrels	Down 4.5 million barrels
Cushing, OK Crude Stocks	Down 2.6 million barrels	Down 2 million barrels
Gasoline Stocks	Down 3 million barrels	Down 2.5 million barrels
Distillate Stocks	Down 438,000 barrels	Down 250,000 barrels
Refinery Runs	Down 149,000 bpd	Up 0.2%, 97.7%

NYMEX Aug-Sep WTI Spread

NYMEX Aug-Sep Heating Oil Spread

