



MarketWatch | Refined Products

Monday, August 7, 2018

Market Commentary

Recap: An unexpected drop in Saudi crude production lifted oil prices on Monday, taking prices to their highest level in four days. October Brent pushed passed \$74.07, the 10-day moving average, to a high of \$74.47 a barrel, while September WTI blew passed its 10-day moving average of \$68.80, falling 8 cents short of \$70.00 a barrel. Gains were pared, with October Brent settling at \$73.75 a barrel, up 54 cents, or 0.7%, while September WTI settled at \$69.01, up 52 cents, or 0.8%. This was the highest settlement for a spot WTI contract since June 29.

September RBOB rose less than 0.1% to settle at \$2.0651 a gallon, while September heating oil added 0.6% to \$2.139 a gallon.

Fundamental News: Saudi Minister of Energy, Industry and Mineral Resource, Khalid al-Falih, said Saudi Arabia will resume shipments from the Strait of Bab el-Mandeb after confirmation by the Joint Forces of the Coalition that security is restored.

Iraq's Oil Minister, Jabar al-Luaibi, said oil prices are approaching stability. He said Iraq plans to raise oil production to more than 7.5 million bpd by 2023-2024, including 6 million bpd of oil for exports and 1.5 million bpd for domestic consumption.

Goldman Sachs stated that oil demand will continue to remain strong, supply constraints are emerging and added that we are going into a very, very tight oil market. It said OPEC is quickly going through its spare capacity.

The Trump administration will aggressively enforce economic sanctions that it is re-imposing on Iran this week and expects measures to have a significant impact on the Iranian economy. The so-called snapback sanctions would target Iran's purchases of US dollars, metals trading and other dealings, coal, industrial-related software and its auto sector. The renewed sanctions are part of the broader strategy under Trump aimed at cutting off the Iranian leadership's access to resources. Officials said the sanctions are aimed at modifying Iran's behavior not bring about a regime change targeting President Hassan Rouhani. Meanwhile, the European Union voiced regret on Monday. One EU measure to mitigate the impact of US sanctions, known as the blocking statute, will come into force on Tuesday.

A senior US administration official said the US wants as many countries as possible to cut their imports of Iranian oil to zero.

Iran's President, Hassan Rouhani, said Iran could hold talks with the US only if the US proved its trustworthiness after it exited a nuclear deal and reimposed sanctions on Iran. He said the US will regret imposing sanctions on Iran. He said the US must prove it is willing to resolve problems through talks.

Russia's Rosneft said it has the capacity for another modest production increase this quarter, a move that could lift the country's output to a new post-Soviet record. Rosneft has already increased production by about 120,000 bpd and could add another 80,000 tons this quarter.

A 24-hour strike at three of Total's British offshore oil and gas platforms, the Alwyn, Elgin and Dunbar platforms, started on Monday morning, as planned. The three fields' oil production contributes about 45,000 to 50,000 bpd to the Forties and Brent Blend crude oil streams. Unite's regional officer Wullie Wallace said talks were planned for Thursday between its members and Total to discuss pay and new rota scheme.

Early Market Call - as of 7:30 AM EDT

WTI - Sep \$69.67, up 66 cents
 RBOB - Sep \$2.0952, up 3.01 cents
 HO - Sep \$2.1729, up 3.34 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-18	\$2.1393	\$0.0124	-\$0.0372
Oct-18	\$2.1451	\$0.0127	-\$0.0381
Nov-18	\$2.1487	\$0.0124	-\$0.0399
Dec-18	\$2.1516	\$0.0121	-\$0.0400
Jan-19	\$2.1554	\$0.0120	-\$0.0401
Feb-19	\$2.1525	\$0.0121	-\$0.0408
Mar-19	\$2.1443	\$0.0126	-\$0.0413
Apr-19	\$2.1329	\$0.0131	-\$0.0401
May-19	\$2.1262	\$0.0134	-\$0.0383
Jun-19	\$2.1223	\$0.0133	-\$0.0378
Jul-19	\$2.1264	\$0.0132	-\$0.0378
Aug-19	\$2.1329	\$0.0132	-\$0.0376
Sep-19	\$2.1415	\$0.0135	-\$0.0359
Oct-19	\$2.1492	\$0.0136	-\$0.0350
Nov-19	\$2.1564	\$0.0136	-\$0.0349
Dec-19	\$2.1656	\$0.0134	-\$0.0341
Jan-20	\$2.1792	\$0.0135	-\$0.0345

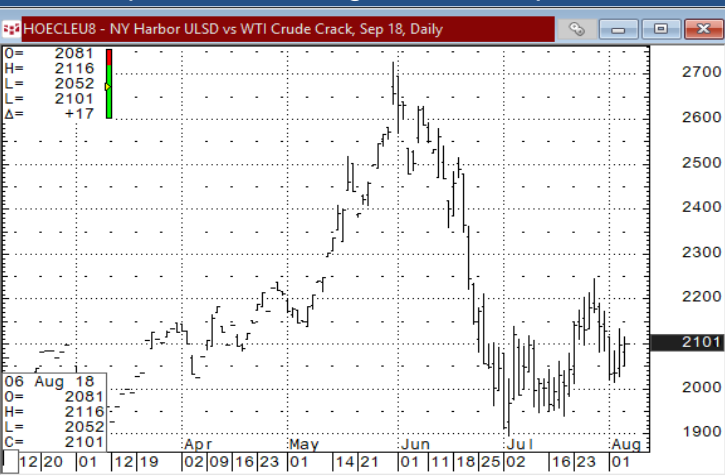
Sprague HeatCurve Oct 2018-April 2019 \$2.1489

Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent-	\$67.9400	\$0.5900
Crude - Brent	WTI Spread	\$73.7500	\$0.5400
Natural Gas	\$5.81	\$2.8600	\$0.0700
Gasoline		\$2.0651	-\$0.0004

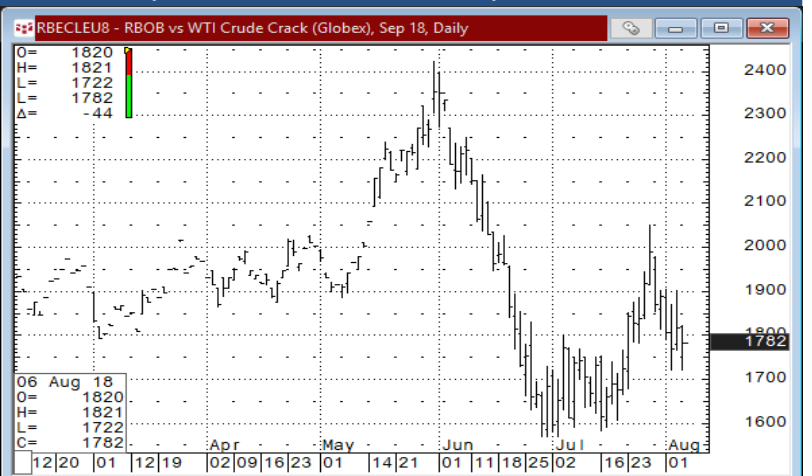
ICE October WTI-Brent Spread



September Heating Oil Crack Spread



September RBOB Crack Spread



COG Inc. © 2018 All rights reserved worldwide. http://www.cog.com Mon Aug 06 2018 15:32:37, CQG 18.12.8063 CQG Inc. © 2018 All rights reserved worldwide. http://www.cog.com Mon Aug 06 2018 15:32:52, CQG 18.12.8063

This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.