

Market Commentary

Recap: Oil prices rose early in the session on Tuesday, as a strike in Norway and chaos in Libya raised concern about supply disruptions. August WTI worked toward the \$75.00 level, while Brent for September delivery closed in on the June high of \$79.56. The up move was tempered after the U.S. indicated it may consider requests for waivers from Iranian sanctions. After reaching a high of \$74.70, WTI slipped 1.4% to a low of \$73.65. Losses were pared, with August WTI settling at \$74.11 a barrel, up 26 cents, or 0.4%. September Brent hit a low of \$78.21 before cutting losses for a settlement at \$78.86 a barrel, up 79 cents, or 1%. Prices were also supported by strength in equities.

August RBOB rose 0.6% to settle at \$2.160 a gallon, while August heating oil ended at \$2.222 a gallon, up 1.13%.

Fundamental News: In its Short-Term Energy Outlook, the EIA estimated global demand growth of petroleum and other liquid fuels at 1.7 million bpd in 2018 and 2019, driven by the countries outside of the Organization for Economic Cooperation and Development. The EIA expects OPEC output to fall by less than 100,000 bpd on average in 2019. Total US petroleum and other liquid fuels consumption is forecast to average 20.4 million bpd in 2018, up 470,000 bpd on the year. Consumption is forecast to grow by 330,000 bpd in 2019. In regards to prices, the EIA forecast Brent prices will average \$73/barrel in the second half of 2018 and will average \$69/barrel in 2019. WTI prices will average \$6/barrel below Brent prices in the second half of 2018 and \$7/barrel lower in 2019. The price of gasoline is expected to average \$2.76/gallon in 2018 and \$2.77/gallon in 2019. The price of diesel is estimated to average \$3.14/gallon in 2018 and \$3.07/gallon in 2019.

The leader of Norway's Safe union said talks between striking Norwegian unions and rig employers will take some days before they can resume. Safe union leader, Hilde-Marit Rysst, said the employers will likely reach out before the strike escalates on Sunday. Hundreds of workers on Norwegian offshore oil and gas rigs went on strike on Tuesday after rejecting a proposed wage deal, leading to the shutdown of a Shell-operated field, helping to lift Brent crude. Royal Dutch Shell said that due to the strike it was temporarily shutting down production at its Knarr field, which has a daily output of 23,900 bpd of mostly oil but also natural gas liquids and natural gas.

According to the latest statistics of the National Iranian Oil Co, Iran's oil exports will likely fall by 500,000 bpd with the restart of new US sanctions.

Iran's Vice President, Eshaq Jahangiri, acknowledged on Tuesday that US sanctions would hurt the economy but promised to sell as much oil as we can and protect banking. He said Washington was trying to stop Iran's petrochemical, steel and cooper exports.

US Secretary of State, Mike Pompeo, said the US will consider requests from a handful of countries for relief from US sanctions for buying oil from Iran.

According to Platts trade flow software, cFlow, gasoline cargoes from Northwest Europe scheduled to arrive in the US and on the east coast of Canada up until the fifth week of July, amount to about 1.496 million metric tons. It also reported that the volume of distillates on the water and scheduled to arrive in Northwest Europe and the Mediterranean from the US Gulf Coast in July was about 1.51 million metric tons on Monday. It is up 80,000 metric tons on the month as vessels continued to leave the US Gulf Coast for Europe despite a less workable arbitrage.

Early Market Call - as of 8:35 AM EDT

WTI - Aug \$73.28, down 83 cents

RBOB - Aug \$2.1339, down 2.62 cents

HO - Aug \$2.1937, down 2.80 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-18	\$2.2218	\$0.0261	\$0.0576
Sep-18	\$2.2013	\$0.0262	\$0.0383
Oct-18	\$2.2072	\$0.0261	\$0.0374
Nov-18	\$2.2122	\$0.0259	\$0.0365
Dec-18	\$2.2171	\$0.0262	\$0.0359
Jan-19	\$2.2225	\$0.0263	\$0.0357
Feb-19	\$2.2211	\$0.0260	\$0.0362
Mar-19	\$2.2126	\$0.0252	\$0.0365
Apr-19	\$2.1956	\$0.0237	\$0.0364
May-19	\$2.1893	\$0.0225	\$0.0359
Jun-19	\$2.1843	\$0.0214	\$0.0351
Jul-19	\$2.1895	\$0.0212	\$0.0354
Aug-19	\$2.1956	\$0.0211	\$0.0347
Sep-19	\$2.2037	\$0.0206	\$0.0333
Oct-19	\$2.2095	\$0.0199	\$0.0336
Nov-19	\$2.2169	\$0.0205	\$0.0355
Dec-19	\$2.2280	\$0.0197	\$0.0372

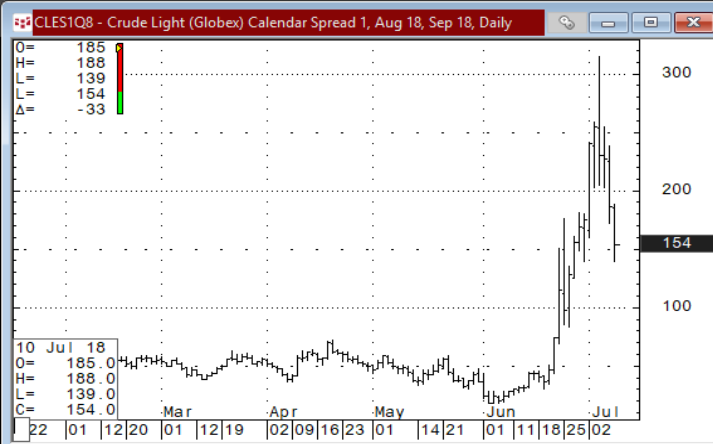
Sprague HeatCurve Oct 2018-April 2019 **\$2.2410**

Other Front Month NYMEX		Close	Change
Crude - WTI	Sep Brent-	\$72.5600	\$0.5800
Crude - Brent	WTI Spread	\$78.8600	\$0.7900
Natural Gas	\$6.30	\$2.7880	-\$0.0400
Gasoline		\$2.1603	\$0.0118

API Report for the Week Ending July 6, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Down 6.8 million barrels	Down 4.8 million barrels
Cushing, OK Crude Stocks	Down 1.9 million barrels	Down 772,000/1.3 million barrels
Gasoline Stocks	Down 1.6 million barrels	Down 900,000 barrels
Distillate Stocks	Up 2 million barrels	Up 1.3 million barrels
Refinery Runs	Down 118,000 bpd	Up 0.1%

NYMEX Aug-Sep WTI Spread



NYMEX Aug-Sep Heating Oil Spread

