

## Market Commentary

**Recap:** Oil prices fell on Wednesday after the EIA reported an unexpected 3.8 million barrel build in U.S crude oil inventories. Expectations were calling for a draw of 2.8 million barrels. Prices opened the session trading just below unchanged as traders continued to focus on a trade war between the U.S. and China, and its impact on demand. As the overnight session progressed, prices continued to drift lower, looking back only once. Acceleration to the downside followed the release of the report, however, the downside was limited by the 2.5 million barrel decrease in U.S. gasoline stocks and the 1.3 million barrel drop in stockpiles held at Cushing, OK. Losses were pared going into the settlement phase of the session with September WTI settling at \$67.66 a barrel, down \$1.10, or 1.60%, while September Brent fell \$1.82, or 2.45%, to finish at 472.39 a barrel.

September RBOB settled at \$2.045 a gallon, down 1.7%, while September heating oil lost 1.9% to \$2.097 a gallon.

**Fundamental News:** The acting US EPA chief, Andrew Wheeler, told lawmakers he would welcome any deal between the auto industry and states like California that may result from a Trump administration effort to roll back vehicle emission rules. The Trump administration's proposal on vehicle fuel efficiency, which is expected to freeze emissions limits at 2020 levels through 2026 and cut the ability of states to set their own standards, will be released on Thursday.

Kuwait's Oil Minister, Bakhit al-Rashidi, said that the global oil market was approaching stability based on the current oil production levels after the recent OPEC and non-OPEC agreement to ease their output cuts. An upcoming joint OPEC and non-OPEC committee meeting in Algeria, set for September 22-23, will review producers' oil supply levels after OPEC and others led by Russia agreed in June to raise production. In regards to Kuwait's oil production, he said the country raised its oil output under June's agreement and is currently producing 2.8 million bpd and added that the country's production capacity is 3.1 million bpd.

According to Bloomberg New Energy Finance, crude imports to the US Gulf Coast fell by 292,000 bpd to 2.63 million bpd in the week ending July 27<sup>th</sup>.

According to EIA's Company Level Imports report compiled by Bloomberg, US imports of Venezuelan crude in May fell by 13% on the month, down from a nine-month high in April. Total imports fell by 31% on the year to 489,600 bpd.

Standard Chartered analysts reported that combined output from the five oil majors is slowing faster than new production is being added. Combined liquids output from oil majors fell by 90,000 bpd to 8.46 million bpd, the lowest level since the third quarter of 2016.

Russia's oil output totaled 11.22 million bpd in July, up from 11.06 million bpd in June.

IIR Energy reported that US oil refiners are expected to shut in 284,000 bpd of capacity in the week ending August 3<sup>rd</sup>, increasing available refining capacity by 232,000 bpd from the previous week. IIR expects offline capacity to fall to 245,000 bpd in the week ending August 10<sup>th</sup>.

Enterprise Products Partners LP said it would expand its Seaway crude pipeline system capacity to about 950,000 bpd from 850,000 bpd. The company expects to add drag reducing agents to increase capacity on the Seaway 2 line by about 100,000 bpd by September.

TransCanada Corp is inspecting a portion of its Keystone oil pipeline in South Dakota, near the site of a spill in November last year.

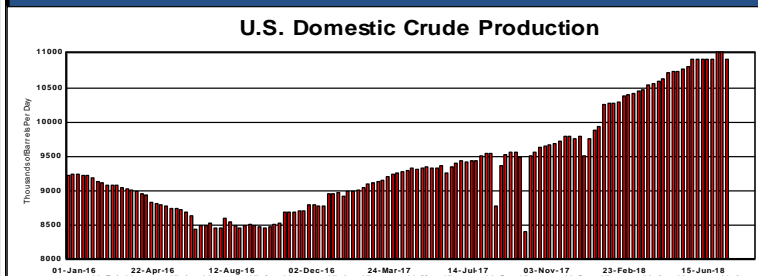
**Early Market Call - as of 8:30 AM EDT**

WTI - Sep \$67.16, down 50 cents  
 RBOB - Sep \$2.0273, down 1.79 cents  
 HO - Sep \$2.0915, down 57 points

## All NYMEX | Prior Settlements

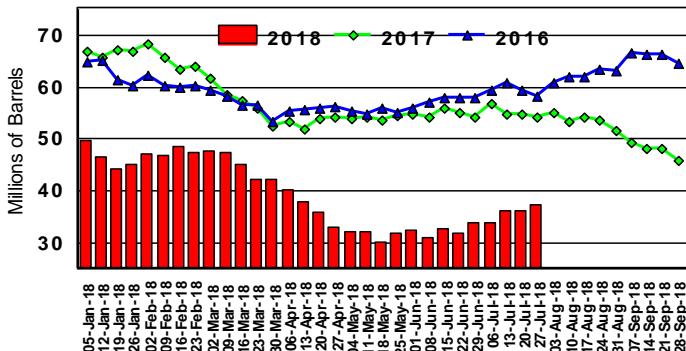
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-18	\$2.0974	-\$0.0400	-\$0.0586
Oct-18	\$2.1040	-\$0.0413	-\$0.0582
Nov-18	\$2.1087	-\$0.0419	-\$0.0589
Dec-18	\$2.1117	-\$0.0417	-\$0.0594
Jan-19	\$2.1162	-\$0.0412	-\$0.0591
Feb-19	\$2.1141	-\$0.0413	-\$0.0587
Mar-19	\$2.1060	-\$0.0421	-\$0.0590
Apr-19	\$2.0949	-\$0.0424	-\$0.0594
May-19	\$2.0863	-\$0.0422	-\$0.0590
Jun-19	\$2.0827	-\$0.0421	-\$0.0592
Jul-19	\$2.0877	-\$0.0416	-\$0.0589
Aug-19	\$2.0949	-\$0.0412	-\$0.0584
Sep-19	\$2.1040	-\$0.0401	-\$0.0566
Oct-19	\$2.1124	-\$0.0392	-\$0.0550
Nov-19	\$2.1208	-\$0.0389	-\$0.0541
Dec-19	\$2.1307	-\$0.0380	-\$0.0535
Jan-20	\$2.1452	-\$0.0378	-\$0.0529

Sprague HeatCurve Oct 2018-April 2019		\$2.1096	
Other Front Month NYMEX	Close	Change	
Crude - WTI	Oct Brent- WTI Spread	\$66.5000	-\$1.1300
Crude - Brent		\$72.3900	-\$1.8200
Natural Gas	\$5.89	\$2.7580	-\$0.0240
Gasoline		\$2.0451	-\$0.0354



## EIA Weekly Petroleum Status Report for the Week Ending July 27, 2018

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 3.803 million barrels  
 Cushing, OK Crude Stocks Down 1.338 million barrels  
**Gasoline Stocks** Down 2.536 million barrels  
**Distillate Stocks** Up 2.983 million barrels  
**Refinery % Operated** 96.1%, Up 2.3%

#### PADD #1

Distillate Stocks (in million bbls)	Week Ending July 27, 2018	Week Ending July 20, 2018	Week Ending July 28, 2017
New England	5.3	5.1	8.8
Central Atlantic	20.4	19.2	32.7
Total PADD #1	37.3	36.0	54.1
Distillate Imports (thousands b/d)	145	121	31