

Market Commentary

All NYMEX | Prior Settlements

Recap: Brent slipped to its lowest level in a month, while WTI fell to a fresh one and a half month low after it was reported that the U.S. had asked Saudi Arabia and other members of OPEC to increase output. August Brent hit a low of \$73.81 a barrel, falling short of \$73.66, its 50-day moving average. Meanwhile, July WTI continues to hold below \$67.47 and \$67.55, the 10-day and 50-day moving averages, respectively. Prices regained after Venezuela failed to deliver contracted volumes of crude oil and ahead of the June 22 OPEC meeting. The rebound ended 3 consecutive days of losses. July WTI added 77 cents, or 1.2%, to settle at \$65.52 a barrel, while Brent for August delivery tacked on 9 cents, or 0.1%, to finish at \$75.38 a barrel.

The premium of the August 2018 Brent over the August 2018 WTI shrunk by 9.95% on Tuesday after widening out to -\$11.02 on Friday. Forecasts calling for 2.5 million barrel draw in U.S. crude oil inventories helped to narrow WTI's discount to Brent.

July RBOB fell 0.8% to \$2.106 a gallon, while July heating oil lost 0.5% to \$2.142 a gallon.

Fundamental News: The US government has asked Saudi Arabia and some OPEC producers to increase its oil production by about 1 million bpd. The request comes after US retail gasoline prices surged to their highest level in more than three years and President Donald Trump publicly complained about OPEC policy and rising oil prices on Twitter.

Russia's Energy Minister, Alexander Novak, said after a meeting with OPEC's Secretary General, Mohammad Barkindo, that Russia and OPEC share a common view on the current oil market situation. He said that OPEC and non-OPEC countries should make a decision on a possible adjustment of the current deal on oil output cuts by looking into oil demand.

According to Platts, gasoline flows from Northwest Europe scheduled to arrive in the US and on the East Coast of Canada up until the fourth week of June total about 957,000 metric tons. Nine vessels likely carrying gasoline have sailed from Northwest Europe and the Baltic in the past seven days for North America. In May, about 1.5 million metric tons of gasoline sourced in Northwest Europe landed in the US and East Coast of Canada, the highest amount seen in 2018 so far.

Press TV reported that the head of Atomic Energy Organization of Iran, Ali Akbar Salehi, stated that Iran is preparing the infrastructure to build advanced centrifuges. The work has started at Iran's Natanz enrichment facility. Iran's Supreme Leader, Ayatollah Ali Khamenei, ordered the AEOI to prepare for the enrichment of uranium up to a level of 190,000 SWU. Iran is holding negotiations with European countries on preserving the 2015 Iranian nuclear deal after the US pulled out of the agreement in May.

Goldman Sachs sees oil demand over 100 million bpd with supply at about 99.5 million bpd.

A PDVSA official said that the company notified eight international customers that it will not be able to meet its full crude supply commitments in June. PDVSA is contractually obligated to supply 1.495 million bpd to those customers in June, but only has 694,000 bpd available for export.

Early Market Call - as of 8:15 AM EDT

WTI - July \$65.08, down 43 cents
 RBOB - July \$2.0913, down 1.48 cents
 HO - July \$2.1343, down 74 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-18	\$2.1416	-\$0.0109	-\$0.0392
Aug-18	\$2.1456	-\$0.0102	-\$0.0349
Sep-18	\$2.1503	-\$0.0095	-\$0.0326
Oct-18	\$2.1544	-\$0.0089	-\$0.0296
Nov-18	\$2.1588	-\$0.0089	-\$0.0259
Dec-18	\$2.1612	-\$0.0086	-\$0.0222
Jan-19	\$2.1654	-\$0.0079	-\$0.0189
Feb-19	\$2.1654	-\$0.0078	-\$0.0163
Mar-19	\$2.1603	-\$0.0082	-\$0.0140
Apr-19	\$2.1357	-\$0.0095	-\$0.0128
May-19	\$2.1412	-\$0.0114	-\$0.0159
Jun-19	\$2.1345	-\$0.0134	-\$0.0194
Jul-19	\$2.1332	-\$0.0137	-\$0.0189
Aug-19	\$2.1357	-\$0.0136	-\$0.0167
Sep-19	\$2.1422	-\$0.0138	-\$0.0163
Oct-19	\$2.1482	-\$0.0137	-\$0.0170
Nov-19	\$2.1519	-\$0.0129	-\$0.0195

Sprague HeatCurve Oct 2018-April 2019		\$2.1609	
Other Front Month NYMEX		Close	Change
Crude - WTI	Aug Brent-	\$65.4600	\$0.7800
Crude - Brent	WTI Spread	\$75.3800	\$0.0900
Natural Gas	\$9.92	\$2.8900	-\$0.0400
Gasoline		\$2.1062	-\$0.0162

API Report for the Week Ending June 1, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Down 2 million barrels	Down 1.3 million barrels
Cushing, OK Crude Stocks	Down 1 million barrels	Down 200,000 barrels
Gasoline Stocks	Up 3.8 million barrels	Down 600,000 barrels
Distillate Stocks	Down 871,000 barrels	Up 700,000 barrels
Refinery Runs	Up 373,000 bpd	Up 0.8%, at 94.7%

NYMEX July-Aug WTI Spread

NYMEX July-Aug Heating Oil Spread

