

Market Commentary

Recap: Oil prices fell sharply in early trading on Monday after an industry source hinted that U.S. crude oil inventories held at Cushing, OK fell during the week ending 8/3/2018 and as concern grew over Turkey's financial crisis and its impact on emerging markets. Prices fell as much as 2.8%, with WTI falling to its lowest level in 8-weeks, while Brent hit a 4-week low. The aforementioned inventory news was not enough to keep prices down, as it was overshadowed by trade tensions between China and the U.S. and potential U.S. sanctions against Iran, which could affect global supplies. Prices pared losses, with September WTI settling at \$67.20 a barrel, down 43 cents, or 0.64%, and October Brent falling 29 cents, or 0.27%, to settle at \$72.61 a barrel.

September RBOB fell 1.2%, at \$2.0147 a gallon, while September heating oil 0.1%, to settle at \$2.137 a gallon.

Fundamental News: Genscape reported that crude inventories at Cushing, Oklahoma increased by 1.7 million barrels in the week ending August 10th.

In its monthly report, OPEC forecast lower demand for its crude next year as non-OPEC countries produce more and added that Saudi Arabia, eager to avoid a return of oversupply, had cut production. OPEC said the world will need 32.05 million bpd of crude from its 15 members in 2019, down 130,000 bpd on the month. OPEC said its oil output in July increased to 32.32 million bpd despite an unexpected cut by Saudi Arabia just weeks after OPEC and its allies had agreed to increase supplies. Saudi Arabia cut its output by 200,000 bpd to 10.288 million bpd. OPEC sees 2019 non-OPEC oil supply growing by 2.13 million bpd, up 30,000 bpd from the previous forecast. OPEC forecast 2019 global oil demand growth to slow to 1.43 million bpd, down 20,000 bpd from a previous forecast.

Russia's President, Vladimir Putin, had not yet ordered retaliatory sanctions against the US because Washington has not yet introduced new restrictions on Russia and it is unclear what those cuts will be. The US State Department announced new sanctions on Wednesday last week, blaming Russia for the poisoning of a Russian ex-spy in Britain in March, something Russia denies.

Iran's Foreign Minister, Mohammed Javad Zarif, said the country will not rein in its influence in the Middle East despite mounting US pressure on Iran to cut its regional activities. Separately, Iran's Supreme Leader, Ayatollah Ali Khamenei, banned holding any direct talks with the US, rejecting an offer last month by US President Donald Trump for talks with no preconditions with Iran. He also accused the Iranian government of economic mismanagement in the face of reimposed US sanctions. He said the mismanagement hurt the economy more than US sanctions. However, he ruled out the possibility of war with the US.

Unite union members at three of Total's North Sea oil and gas platforms began a 12-hour strike on Monday as planned after talks with the company failed last week. The affected platforms are Alwyn, Elgin and Dunbar. The three fields' oil production contributes about 45,000 to 50,000 bpd to the Forties and Brent Blend crude streams. Unite union members are prepared to carry out at least five further days of strike action until the end of October.

IIR Energy reported that US oil refiners are expected to shut in 272,000 bpd of capacity in the week ending August 17th, increasing available refining capacity by 100,000 bpd from the previous week. IIR expects offline capacity to fall to 185,000 bpd in the week ending August 24th.

Early Market Call - as of 8:40 AM EDT

WTI - Sep \$68.04, up 85 cents
 RBOB - Sep \$2.0457, up 3.1 cents
 HO - Sep \$2.1645, up 2.72 cents

All NYMEX | Prior Settlements

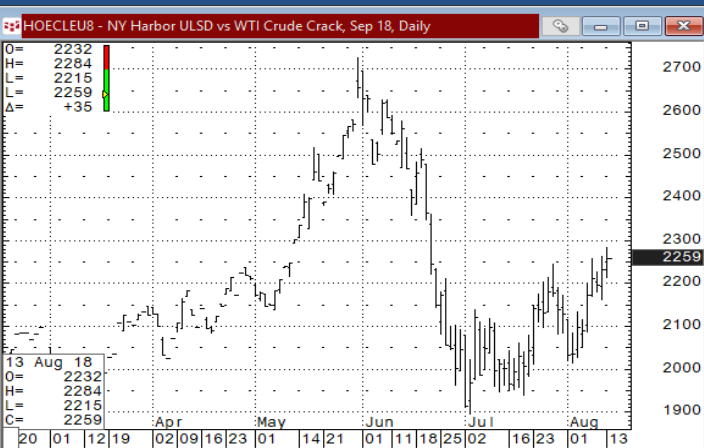
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-18	\$2.1370	-\$0.0027	-\$0.0023
Oct-18	\$2.1409	-\$0.0026	-\$0.0042
Nov-18	\$2.1426	-\$0.0027	-\$0.0061
Dec-18	\$2.1436	-\$0.0029	-\$0.0080
Jan-19	\$2.1467	-\$0.0028	-\$0.0087
Feb-19	\$2.1430	-\$0.0028	-\$0.0095
Mar-19	\$2.1333	-\$0.0030	-\$0.0110
Apr-19	\$2.1152	-\$0.0035	-\$0.0132
May-19	\$2.1116	-\$0.0041	-\$0.0146
Jun-19	\$2.1067	-\$0.0047	-\$0.0156
Jul-19	\$2.1096	-\$0.0050	-\$0.0168
Aug-19	\$2.1152	-\$0.0052	-\$0.0177
Sep-19	\$2.1238	-\$0.0053	-\$0.0177
Oct-19	\$2.1309	-\$0.0054	-\$0.0183
Nov-19	\$2.1378	-\$0.0052	-\$0.0186
Dec-19	\$2.1466	-\$0.0053	-\$0.0190
Jan-20	\$2.1605	-\$0.0053	-\$0.0187

Sprague HeatCurve Oct 2018-April 2019		\$2.1400	
Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent-	\$66.5700	-\$0.3700
Crude - Brent	WTI Spread	\$72.6100	-\$0.2000
Natural Gas	\$6.04	\$2.9300	-\$0.0140
Gasoline		\$2.0147	-\$0.0245

ICE October WTI-Brent Spread



September Heating Oil Crack Spread



September RBOB Crack Spread

