

Market Commentary

Recap: Oil prices traded below unchanged in predawn trading, reversing overnight gains. However, losses were short lived, with July WTI reverting back to the upside. After bottoming the session at \$65.87, this spot contract worked its way back to \$66.70, a fresh high for the day. WTI was supported by an expected 2.9 million barrel decline in U.S. crude oil inventories. Brent's comeback was muted by OPEC's monthly report revealing higher production from its members. August Brent bounced from a low of \$75.82 but failed to surpass its overnight high of \$77.07, stopping instead at \$76.70. July WTI settled at \$66.36 a barrel, up 26 cents, or 0.39%, while August Brent slipped 58 cents, or 0.76% to settle at \$75.88 a barrel.

Fundamental News: In its Short Term Energy Outlook, the EIA raised its 2018 world oil demand growth forecast by 40,000 bpd to 1.8 million bpd. It however cut its oil demand growth estimate for 2019 by 10,000 bpd to 1.72 million bpd. World oil demand is forecast to total 100.29 million bpd in 2018 and 102.01 million bpd in 2019. It reported that OPEC production is expected to fall by 420,000 bpd 32.02 million bpd in 2018 but increase by 40,000 bpd to 32.06 million bpd in 2019. The EIA forecast that US oil production in 2018 is expected to increase by 1.44 million bpd to 10.79 million bpd and by 970,000 bpd to 11.76 million bpd in 2019. US oil demand in 2018 is estimated to increase by 530,000 bpd to 20.41 million bpd while demand in 2019 is expected to increase by 260,000 bpd to 20.67 million bpd.

Bloomberg reported that crude oil stocks held in Cushing, Oklahoma fell by 900,000 barrels to 33.7 million barrels in the week ending June 8th.

US customs data showed that preliminary US waterborne crude imports increased by 183,900 bpd to 4.835 million bpd in the week ending June 7th.

Genscape reported that North Dakota's crude-by-rail loadings in the week ending June 1st increased to the highest level in a year due to a 156% increase week on week at Andeavor's Fryburg terminal. Loadings reached 236,000 bpd, the highest since the week ending June 2, 2017.

OPEC said the oil market outlook in the second half of the year is highly uncertain even through the group's figures show a global oversupply has ended, suggesting exporters will be in no rush to relax output cuts at a meeting next week. It reported that inventories in OPEC, Russia and other non-OPEC countries in April fell to 26 million barrels below the five-year average. It is down from 340 million barrels above the average in January 2017. OPEC's output increased by 35,000 bpd to 31.87 million bpd in May. It estimated that global oil demand is expected to increase 1.65 million bpd this year, unchanged from a previous forecast. OPEC sees 2018 demand for its crude averaging 32.75 million bpd, unchanged from the previous forecast.

Iraq said OPEC should resist pressure to increase oil supplies. It said production cuts have not yet achieved their purpose, with oil prices still below the desired level.

US President, Donald Trump, said North Korea's leader, Kim Jong Un, made an unwavering commitment to complete denuclearization of the Korean peninsula while the US promised to provide the country with security guarantees. However he added that sanctions against North Korea would remain in effect. President Trump said they agreed to vigorous negotiations to implement an agreement with North Korea as soon as possible. He said North Korea's leader said the country was already destroying a missile engine testing facility. Meanwhile, US President Trump's declaration that he intended to end joint military exercises in Korea seemed to be news to both South Korean and US military officials. He called war games expensive and provocative.

Early Market Call - as of 8:20 AM EDT

WTI - July \$66.01, down 35 cents
 RBOB - July \$2.0885, down 10 points
 HO - July \$2.0143, down 78 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-18	\$2.1618	\$0.0011	\$0.0202
Aug-18	\$2.1644	-\$0.0004	\$0.0188
Sep-18	\$2.1681	-\$0.0016	\$0.0178
Oct-18	\$2.1724	-\$0.0023	\$0.0180
Nov-18	\$2.1765	-\$0.0030	\$0.0177
Dec-18	\$2.1787	-\$0.0033	\$0.0175
Jan-19	\$2.1827	-\$0.0037	\$0.0173
Feb-19	\$2.1837	-\$0.0041	\$0.0183
Mar-19	\$2.1792	-\$0.0052	\$0.0189
Apr-19	\$2.1606	-\$0.0066	\$0.0168
May-19	\$2.1591	-\$0.0067	\$0.0179
Jun-19	\$2.1549	-\$0.0061	\$0.0204
Jul-19	\$2.1572	-\$0.0055	\$0.0240
Aug-19	\$2.1606	-\$0.0052	\$0.0249
Sep-19	\$2.1667	-\$0.0047	\$0.0245
Oct-19	\$2.1718	-\$0.0049	\$0.0236
Nov-19	\$2.1763	-\$0.0049	\$0.0244

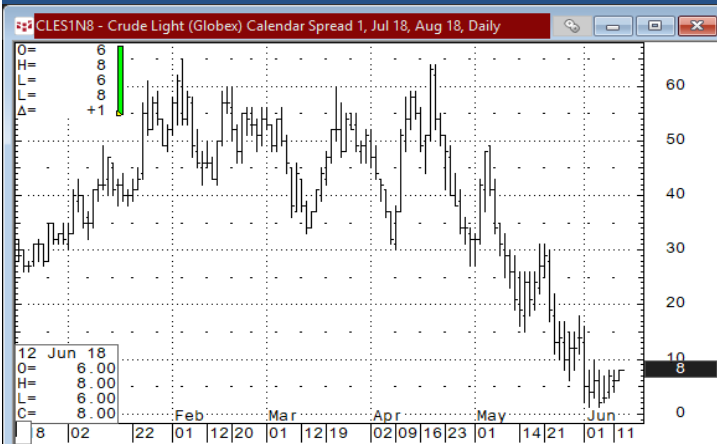
Sprague HeatCurve Oct 2018-April 2019 \$2.1788

Other Front Month NYMEX		Close	Change
Crude - WTI	Aug Brent-	\$66.2800	\$0.2500
Crude - Brent	WTI Spread	\$75.8800	-\$0.5800
Natural Gas	\$9.60	\$2.9390	-\$0.0100
Gasoline		\$2.0899	-\$0.0150

API Report for the Week Ending June 8, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Up 833,000 barrels	Down 2.6 million barrels
Cushing, OK Crude Stocks	Down 730,000 barrels	Down 900,000 barrels
Gasoline Stocks	Up 2.3 million barrels	Up 400,000 barrels
Distillate Stocks	Up 2.1 million barrels	Unch/Up 200,000 barrels
Refinery Runs	Up 402,000 bpd	Unchanged at 94.4%

NYMEX July-Aug WTI Spread



NYMEX July-Aug Heating Oil Spread

