

## Market Commentary

**Recap:** Oil prices rose for the third straight session, getting a boost as Saudi Arabia temporarily stopped crude shipments through the Bab el-Mandeb strait in the Red Sea after accusing Iran allied rebels of attacking a pair of tankers. September WTI stopped just below \$70 a barrel, peaking the session at \$69.92, while Brent for September delivery fell short of \$75 a barrel, as it reached a high of \$74.83. After paring gains, September WTI settled at \$69.61 a barrel, up 31 cents, or 0.45%, while Brent for September delivery tacked on 61 cents, or 0.83%, to settle at \$74.54 a barrel.

September RBOB rose 3.15 cents to \$2.117 a gallon, while September heating oil gained 2.49 cents to \$2.1809 a gallon.

**Fundamental News:** On Thursday, Saudi Arabia said it was suspending oil shipments through a strategic Red Sea lane after Yemen's Houthi rebels attacked two tankers in the waterway. Each tanker was carrying 2 million barrels of oil. Saudi Arabia's Energy Minister, Khalid al-Falih, said Saudi Arabia was temporarily halting all oil shipments through Bab al-Mandeb strait immediately until the situation becomes clearer and the maritime transit through Bab al-Mandeb is safe. The Houthis said that they had the naval capability to hit Saudi ports and other Red Sea targets. Meanwhile, the chairman of Kuwait Oil Tanker Co said the country was studying whether to follow suit.

Iran's Major General Qassem Soleimani, who heads the Quds force of Iran's Revolutionary Guards Corp, said US President Donald Trump should address any threats against Iran directly to him. He warned President Donald Trump not to take military action against Iran, saying if Washington started a war, Iran would be the one to end it.

Goldman Sachs remains overweight with a 12 month return forecast of 10% on commodities. It believes commodity price sensitivity to headline risk will moderate, as it did in equity and financial markets. It said the recent weakness in Brent time spreads does not imply that the global market is already fast accumulating inventories. It said weakness in Brent time spreads reflects that the North Sea barrels are weighed down by large increases in US exports and a decline in Chinese imports. It also said the two dynamics is expected to reverse in coming months, pointing to Brent time spreads strengthening later this year, while the WTI spreads will likely weaken.

Increasing gasoline demand in West Africa is pulling more supply from Northwest Europe, cutting exports to the New York Harbor and shifting the focus of traders there to securing August supplies. Gasoline exports from NEW to the US Atlantic Coast trading hub is expected to fall in August as the arbitrage becomes less profitable and netbacks to other regions grow. There were thirteen ships carrying a total of 4.65 million barrels of gasoline were headed from NEW to West Africa. The US Atlantic Coast imported 6.34 million barrels of gasoline from Europe and the Mediterranean in the first 20 days of July, nearly double the amount during the same time last year.

ConocoPhillips expects to produce between 1.23 million bpd of oil equivalent and 1.26 million bpd of oil equivalent in 2018. It had previously forecast production of between 1.2 million and 1.24 million bpd of oil equivalent.

Suncor Energy cut the upper limit of its production target for the year as it works to bring its Syncrude facility back online after a power outage brought the plant down last month. Output this year is estimated to total 740,000 to 750,000 bpd.

**Early Market Call - as of 9:00 AM EDT**

WTI - Sep \$69.54, down 7 cents

RBOB - Aug \$2.1770, up 1.47 cents

HO - Aug \$2.1775, up 3 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-18	\$2.1769	\$0.0257	\$0.0868
Sep-18	\$2.1560	\$0.0181	\$0.0608
Oct-18	\$2.1622	\$0.0181	\$0.0623
Nov-18	\$2.1676	\$0.0177	\$0.0625
Dec-18	\$2.1711	\$0.0174	\$0.0610
Jan-19	\$2.1753	\$0.0173	\$0.0597
Feb-19	\$2.1728	\$0.0176	\$0.0587
Mar-19	\$2.1650	\$0.0181	\$0.0586
Apr-19	\$2.1533	\$0.0184	\$0.0584
May-19	\$2.1453	\$0.0181	\$0.0575
Jun-19	\$2.1419	\$0.0173	\$0.0553
Jul-19	\$2.1466	\$0.0170	\$0.0535
Aug-19	\$2.1533	\$0.0170	\$0.0533
Sep-19	\$2.1606	\$0.0171	\$0.0534
Oct-19	\$2.1674	\$0.0170	\$0.0533
Nov-19	\$2.1749	\$0.0169	\$0.0535
Dec-19	\$2.1842	\$0.0169	\$0.0534

Sprague HeatCurve Oct 2018-April 2019		\$2.1895
Other Front Month NYMEX		Close
		Change
Crude - WTI	Sep Brent-	\$69.6100
Crude - Brent	WTI Spread	\$74.5400
Natural Gas	\$4.93	\$2.7800
Gasoline		\$2.1623
		\$0.3100
		\$0.6100
		\$0.0050
		\$0.0392

EIA Natural Gas Storage Report				
	20-Jul-18	13-Jul-18	Change	Year Ago
East	527	507	20	624
Midwest	524	501	23	742
Mountain	145	144	1	197
Pacific	257	259	-2	294
South Central	820	838	-18	1,122
Salt	214	230	-16	310
Nonsalt	606	608	-2	813
Total	2,273	2,249	24	2,978

## Sprague HeatCurve Winter 2018/19

## ICE September WTI-Brent Spread

