

Market Commentary

Recap: Oil prices were mixed on Thursday, with Brent being weighed down by the prospect key OPEC members and nonmembers would agree to boost output at the upcoming June 22 meeting, and WTI holding onto gains due to Wednesday's bullish EIA numbers. After an overnight stint of sideways trading, July WTI worked its way above \$67 a barrel, to trade at \$67.16, its highest level in almost 2 weeks. However, strong U.S. production, which reached a weekly record of 10.9 million barrels per day, pushed WTI from its high of the day to a fresh daily low of \$66.36. Losses were trimmed, with this spot contract settling at \$66.89 a barrel, up 25 cents, or 0.38%. August Brent fell 80 cents, or 1.04%, to settle at \$75.94 a barrel.

July RBOB fell 1.6% to \$2.091 a gallon and July heating oil shed 1.2% to \$2.159 a gallon.

Fundamental News: The IEA's director for energy markets and security, Keisuke Sadamori, said Middle East OPEC producers and Russia can quickly increase crude production by 1.5 million bpd to make up for Venezuela's increasing output loss and the potential decline in Iranian oil output when US sanctions are imposed on the country. He said OPEC members in the Middle East have a capacity to increase production by about 1.2 million bpd in a relatively short time while Russia could increase its output by about 300,000 bpd. The IEA expects Venezuela's oil output to fall to 800,000 bpd or even lower next year from 1.36 million bpd in May and following a 1 million bpd fall over the past two years.

Saudi Arabia's Energy Minister, Khalid al-Falih, said he expected a reasonable and moderate agreement next week when OPEC and non-OPEC oil producers meet.

Russia's Energy Minister, Alexander Novak, said OPEC and non-OPEC producers that agreed to cut their production can consider returning up to 1.5 million bpd of oil to the market gradually, as one of the possible options. He said the gradual increase is possible from July 1st. He added that he discussed the gradual exit from the deal with Saudi Arabia's Energy Minister, Khalid al-Falih, in Moscow during the World Cup opening.

Meanwhile, Saudi Arabia's Crown Prince, Mohammed bin Salman, told Russia's President, Vladimir Putin, that Saudi Arabia wants to continue cooperation with Russia on global oil markets, adding that cooperation was beneficial for the entire world.

Oil Movements reported that OPEC shipments are expected to increase to 25.25 million bpd in the four weeks ending June 30th. Mideast shipments, including non-OPEC nations Oman and Yemen, will increase by 1.2 million bpd to 19.52 million bpd.

Libya's Es Sider oil port was shut on Thursday due to armed clashes in the area. An engineer said at least one storage tank in the Ras Lanuf terminal was set alight. Loadings were suspended at Ras Lanuf. Libya's National Oil Corp said the clashes at the terminals had cut production by about 240,000 bpd. It evacuated staff from both terminals for their safety. Libya declared force majeure on crude oil loadings from the Ras Lanuf and Es Sider terminals. The clashes between forces loyal to Khalifa Haftar's Libyan National Army and rival armed groups were taking place south of Ras Lanuf, where the LNA was targeting its rivals with air strikes.

The US Secretary of State, Mike Pompeo, said tough sanctions will remain on North Korea until its complete denuclearization, apparently contradicting the North's view that the process agreed at this week's summit would be phased and reciprocal.

Early Market Call - as of 8:40 AM EDT

WTI - July \$66.69, down 19 cents

RBOB - July \$2.0717, down 1.94 cents

HO - July \$2.1391, down 1.93 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-18	\$2.1587	-\$0.0264	-\$0.0212
Aug-18	\$2.1618	-\$0.0257	-\$0.0221
Sep-18	\$2.1658	-\$0.0250	-\$0.0223
Oct-18	\$2.1703	-\$0.0247	-\$0.0221
Nov-18	\$2.1746	-\$0.0242	-\$0.0219
Dec-18	\$2.1770	-\$0.0236	-\$0.0213
Jan-19	\$2.1808	-\$0.0237	-\$0.0217
Feb-19	\$2.1810	-\$0.0240	-\$0.0219
Mar-19	\$2.1755	-\$0.0240	-\$0.0225
Apr-19	\$2.1586	-\$0.0240	-\$0.0248
May-19	\$2.1543	-\$0.0239	-\$0.0239
Jun-19	\$2.1504	-\$0.0234	-\$0.0209
Jul-19	\$2.1539	-\$0.0226	-\$0.0169
Aug-19	\$2.1586	-\$0.0211	-\$0.0147
Sep-19	\$2.1657	-\$0.0204	-\$0.0132
Oct-19	\$2.1708	-\$0.0201	-\$0.0134
Nov-19	\$2.1748	-\$0.0199	-\$0.0133

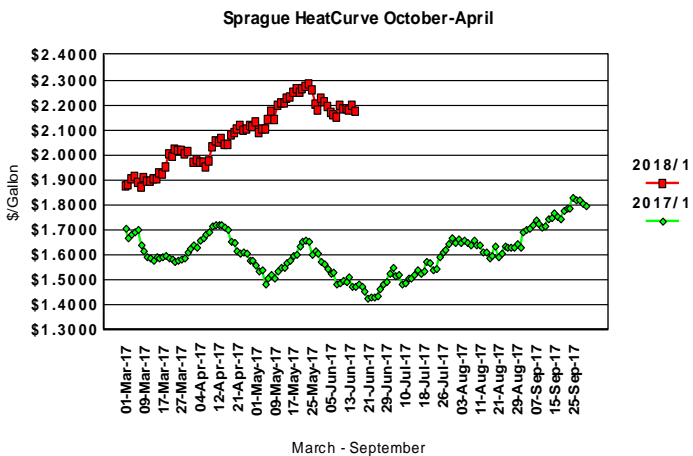
Sprague HeatCurve Oct 2018-April 2019 \$2.1762

Other Front Month NYMEX		Close	Change
Crude - WTI	Aug Brent-	\$66.6900	\$0.1700
Crude - Brent	WTI Spread	\$75.9400	-\$0.8000
Natural Gas	\$9.25	\$2.9650	\$0.0020
Gasoline		\$2.0910	-\$0.0342

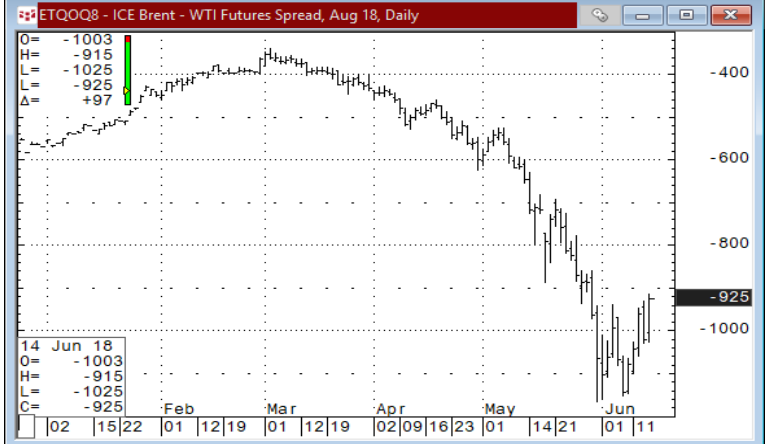
EIA Natural Gas Storage Report

	08-Jun-18	01-Jun-18	Change	Year Ago
East	377	351	26	486
Midwest	372	341	31	631
Mountain	125	121	4	176
Pacific	239	231	8	273
South Central	800	773	27	1,131
Salt	252	245	7	348
Nonsalt	547	528	19	783
Total	1,913	1,817	96	2,698

Sprague HeatCurve Winter 2018/19



ICE August WTI-Brent Spread



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