

Market Commentary

Recap: Oil prices rose on Wednesday, as the surprise 5.8 million barrel build in U.S. crude oil inventories was overshadowed by the unexpected 3.2 million barrel draw in gasoline stocks and the unforeseen 371,000 barrel decline in distillate stocks. In their initial reaction, crude oil prices slipped to their lows of the day, only to do an about face once traders were able to absorb the full scope of the report. The rise in prices came despite U.S. crude production reaching 11 million barrels per day for the first time.

Brent for September delivery rose above \$73.00 a barrel, reaching a high of \$73.28 before severing gains for a settlement of \$72.90 a barrel, up 74 cents, or 1.03%. August WTI stopped 3 cents short of hitting the 62% Fibonacci retracement of \$67.93 before paring gains for a settlement of \$68.76 a barrel, up 68 cents, or 1.00%. August RBOB settled at \$2.044 a gallon, up 0.9%, while August heating oil settled up 1.0% at \$2.090 a gallon.

Fundamental News: A joint OPEC and non-OPEC ministerial monitoring committee, chaired by Saudi Arabia and joined by Iran, held a conference call on Wednesday.

According to data from analysis firm Kayrros, Iran's onshore oil stocks in June increased by 3.2 million barrels on the month to 33 million barrels. Kharg Island inventories led the increase with a build of 3.1 million barrels, while inventories at Siri, Lavan and Bandar Abbas increased marginally. Iran's oil inventories are expected to increase as renewed US sanctions on its oil industry begin to impact its oil exports. Kayrros estimated Iranian floating storage at 630,000 barrels in June.

The head of the Atomic Energy Organization of Iran, Ali Akbar Salehi, said Iran has built a factory that can produce rotors for up to 60 centrifuges a day. The announcement came a month after Iran's Supreme Leader, Ayatollah Ali Khamenei, said he ordered agencies to prepare to increase uranium enrichment capacity if a nuclear deal with world powers falls apart after the US' decision to withdraw from the accord. The head of the agency said the new factory did not in itself break the terms of the agreement.

According to the Joint Organizations Data Initiative, Saudi Arabia's crude oil production in May increased by 162,000 bpd on the month to 10.03 million bpd. The country's oil exports in May fell to 6.984 million bpd from 7.312 million bpd in April. Its oil product exports increased by 222,000 bpd to 1.886 million bpd in May. It reported that Saudi Arabia's crude stocks increased by 942,000 barrels to 235.37 million barrels in May.

Libya's oil production looks set for a further recovery, with production expected to increase to over 800,000 bpd in the next few days as output from eastern fields increases. Output at the Waha fields that feed into the Es Sider terminal was expected to reach 300,000 bpd in the coming days while Agoco-operated fields were producing about 220,000 bpd.

IIR Energy reported that US oil refiners are expected to shut in 830,000 bpd of capacity in the week ending July 20th, cutting available refining capacity by 148,000 bpd in the previous week. IIR expects capacity to fall to 453,000 bpd in the week ending July 27th.

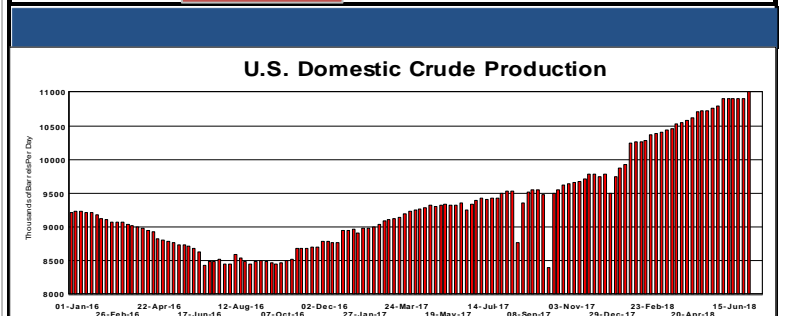
Early Market Call - as of 8:50 AM EDT

WTI - Aug \$68.25 down 51 cents
RBOB - Aug \$2.0330 down 1.14 cents
HO - Aug \$2.0773 down 1.3 cents

All NYMEX | Prior Settlements

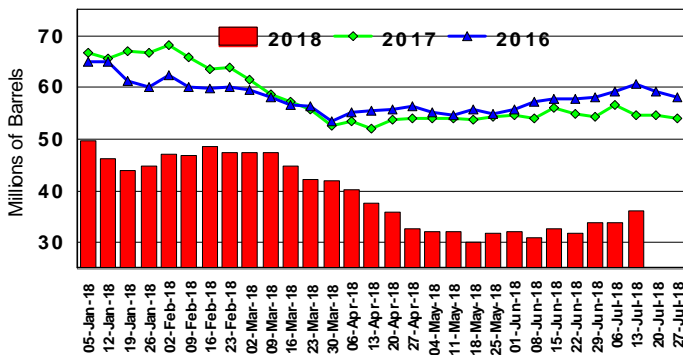
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-18	\$2.0903	\$0.0202	-\$0.0105
Sep-18	\$2.0952	\$0.0199	-\$0.0112
Oct-18	\$2.0999	\$0.0193	-\$0.0125
Nov-18	\$2.1051	\$0.0186	-\$0.0128
Dec-18	\$2.1101	\$0.0184	-\$0.0128
Jan-19	\$2.1156	\$0.0182	-\$0.0129
Feb-19	\$2.1141	\$0.0180	-\$0.0137
Mar-19	\$2.1064	\$0.0183	-\$0.0140
Apr-19	\$2.0934	\$0.0185	-\$0.0147
May-19	\$2.0878	\$0.0182	-\$0.0140
Jun-19	\$2.0866	\$0.0181	-\$0.0131
Jul-19	\$2.0931	\$0.0181	-\$0.0132
Aug-19	\$2.1000	\$0.0180	-\$0.0133
Sep-19	\$2.1072	\$0.0179	-\$0.0144
Oct-19	\$2.1141	\$0.0182	-\$0.0131
Nov-19	\$2.1214	\$0.0182	-\$0.0128
Dec-19	\$2.1308	\$0.0179	-\$0.0146

Sprague HeatCurve Oct 2018-April 2019		\$2.1086
Other Front Month NYMEX		Close
Crude - WTI	Sep Brent- WTI Spread	\$67.7500
Crude - Brent		\$72.9000
Natural Gas	\$	\$2.7210
Gasoline		\$2.0444



EIA Weekly Petroleum Status Report for the Week Ending July 13, 2018

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 5.836 million barrels
Cushing, OK Crude Stocks Down 860,000 barrels
Gasoline Stocks Down 3.165 million barrels
Distillate Stocks Down 371,000 barrels
Refinery % Operated 94.3%, Down 2.4%

PADD #1

Distillate Stocks (in million bbls)	Week Ending July 13, 2018	Week Ending July 6, 2018	Week Ending July 14, 2017
New England	5.5	5.3	8.6
Central Atlantic	18.5	17.4	33.2
Total PADD #1	36.0	33.8	54.7
Distillate Imports (thousands b/d)	109	54	58