

## Market Commentary

**Recap:** Oil prices opened the session trading at unchanged to slightly higher; however, the inability to break above Monday's high sparked light technical selling, which became exacerbated by trade tensions between China and the U.S. and the possibility that OPEC and non-OPEC members meeting at week's end could decide to ramp up output. The sell-off pushed July WTI below \$65.50, a Fibonacci retracement number that has been playing the role of a pivotal area, and \$65.11, the 10-day moving average. Traders are betting the escalating dispute between China and the U.S. could threaten growth, global oil demand and a crucial market for American crude. July WTI experienced an inside trading session, as it held within the range established Monday, while August Brent was able to achieve a higher high, but the lack of follow-through sparked sellers into action. Prices whipsawed throughout the session, paring losses prior to the close. July WTI settled at \$65.07 a barrel, down 78 cents or 1.18%, while August Brent fell 26 cents, or 0.35%, to settle at \$75.08 a barrel. July RBOB fell 0.8% to \$2.038 a gallon while July heating oil slipped 0.5% to settle at \$2.122 a gallon.

**Fundamental News:** Russia's Energy Minister, Alexander Novak, said the country plans to propose increasing production by the OPEC and non-OPEC producers bound by the output cut agreement by 1.5 million bpd. He said it would be reasonable to introduce increases in the third quarter when oil demand is highest and to meet in September to see how the market has reacted.

With OPEC and non-OPEC members set to meet on June 22-23 in Vienna, Russia has already hinted at plans to increase oil exports, according to its July-September schedule. This, combined with Russia's plans to increase refinery runs, suggests Moscow is gearing up to raise production. Crude oil exports and transit from Russia is expected to rise to 63.34 million tons in the July-September quarter from 62.45 million tons planned for April-June. This equates to approximately 20,000 barrels per day, which in and of itself is not significant, however, plans by Russian refiners to raise third-quarter throughput by 2.2 million tons versus the second quarter, typically requires a production increase.

An OPEC technical panel has forecasted strong global demand for oil for the second half of 2018, suggesting the market could absorb extra production from the group. According to two OPEC sources, OPEC members Iran, Algeria, and Venezuela oppose an increase in output. Despite these objections, Russia and Saudi Arabia continue to push OPEC and its allies to raise oil output, saying this will cover growing demand and supply outages in Venezuela and Libya.

The head of Libya's National Oil Corp, Mustafa Sanalla, said the country has lost about 400,000 bpd of oil production in recent days due to militant attacks at the Ras Lanuf and Es Sider ports. He said there were still militants present in the area of the terminals, which were closed on Thursday following an early morning attack by opponents of eastern-based Libyan commander Khalifa Haftar.

US energy companies including Plains All American Pipeline, Hess Corp and Kinder Morgan Inc are among many seeking exemptions from steel import tariffs as the US increases its trade tensions with exporters, including China, Canada and Mexico.

According to Platts cFlow, gasoline flows from Northwest Europe scheduled to arrive in Canada and the US until the fourth week of June totaled 1.327 million metric tons as of Monday. Meanwhile, the volume of distillates on the water and scheduled to arrive in Northwest Europe and the Mediterranean from the US Gulf Coast in June was about 1.31 million metric tons on Monday, about 500,000 metric tons more than May arrivals.

**Early Market Call - as of 9:10 AM EDT**

**WTI - July \$65.48, up 38 cents**  
**RBOB - July \$2.0352, down 25 points**  
**HO - July \$2.1267, up 49 points**

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-18	\$2.1218	-\$0.0098	-\$0.0400
Aug-18	\$2.1238	-\$0.0099	-\$0.0406
Sep-18	\$2.1277	-\$0.0099	-\$0.0404
Oct-18	\$2.1321	-\$0.0096	-\$0.0403
Nov-18	\$2.1364	-\$0.0095	-\$0.0401
Dec-18	\$2.1395	-\$0.0095	-\$0.0392
Jan-19	\$2.1443	-\$0.0090	-\$0.0384
Feb-19	\$2.1435	-\$0.0089	-\$0.0402
Mar-19	\$2.1362	-\$0.0094	-\$0.0430
Apr-19	\$2.1227	-\$0.0101	-\$0.0447
May-19	\$2.1144	-\$0.0098	-\$0.0447
Jun-19	\$2.1117	-\$0.0089	-\$0.0432
Jul-19	\$2.1172	-\$0.0078	-\$0.0400
Aug-19	\$2.1227	-\$0.0067	-\$0.0379
Sep-19	\$2.1305	-\$0.0061	-\$0.0362
Oct-19	\$2.1352	-\$0.0056	-\$0.0366
Nov-19	\$2.1396	-\$0.0050	-\$0.0367

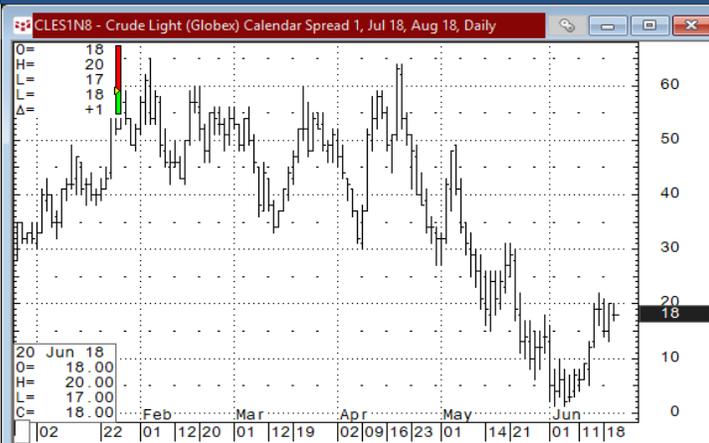
**Sprague HeatCurve Oct 2018-April 2019 \$2.1498**

Other Front Month NYMEX		Close	Change
Crude - WTI	Aug Brent-	\$64.9000	-\$0.7900
Crude - Brent	WTI Spread	\$75.0800	-\$0.2600
Natural Gas	\$10.18	\$2.9000	-\$0.0510
Gasoline		\$2.0379	-\$0.0167

## API Report for the Week Ending June 15, 2018

	Actual	Mkt Expectations
<b>Crude Oil Stocks(excluding SPR)</b>	Down 3 million barrels	Down 3.7 million barrels
Cushing, OK Crude Stocks	Down 1.6 million barrels	Down 500,000 barrels
<b>Gasoline Stocks</b>	Up 2.1 million barrels	Down 1 million barrels
<b>Distillate Stocks</b>	Up 757,000 barrels	Down 700,000 barrels
<b>Refinery Runs</b>	Up 125,000 bpd	Unchanged at 95.7%

## NYMEX July-Aug WTI Spread



## NYMEX July-Aug Heating Oil Spread

