

Market Commentary

Recap: Oil prices fell dramatically on Thursday after U.S. President Donald Trump threatened new tariffs on Chinese imports starting September 1. Prices, which were already experiencing their first loss in six days, fell by as much as 8.5% ahead of the day's settlement period.

September WTI fell \$4.99, to a session low of \$53.59 a barrel and October Brent slipped \$5.03, to a low of \$60.02 a barrel. On Wednesday, the U.S. Federal Reserve dampened hopes for a string of interest rate cuts, signaling that it might not be as aggressive as traders had expected. Traders have been grappling with rising U.S. output amid worries about a global economic slowdown. Losses were slightly pared, with September WTI settling at \$53.95 a barrel, down \$4.63, or 7.9%, the biggest daily percentage drop for a spot month since February 2015. Brent for October delivery settled at \$60.50 a barrel, down \$4.55, or 6.99%, to post the largest percentage drop for a spot contract since February 2016. September RBOB fell by 11.3 cents, or 6.1%, to \$1.7499 a gallon and September heating oil lost 11.8 cents, or 6%, to \$1.8529 a gallon.

Technical Analysis: From a technical standpoint, WTI failed miserably on Thursday, following several days of constructive trading. September WTI picked up steam below \$56.48 and \$56.46, the 10 and 50-day moving averages respectively. The push below these two technical numbers triggered sell stops resting below, accelerating the down move. Given how hard and fast this market fell, we would look for a bit of a recovering, with a test back up at the \$55.00. Above \$55.00, additional resistance is set at \$56.50. To the downside, support is set at \$53.59 and below that at \$52.65.

Fundamental News: US President Donald Trump said he would impose an additional 10% tariff on \$300 billion worth of Chinese imports starting on September 1st, as talks between the two countries continue. In a string of tweets, President Trump also faulted China for not following through on promises to buy more American agricultural products and personally criticized China's President, Xi Jinping, for failing to do more to cut sales of synthetic opioid fentanyl.

Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, July 30th fell by 696,585 barrels and by 1,503,206 barrels from Friday, July 26th to 50,485,303 barrels.

Royal Dutch Shell is not taking any British-flagged tankers through the Strait of Hormuz amid increased tensions with Iran. Shell's Chief Executive, Ben van Beurden, said if Royal Dutch Shell does use a British-flagged vessel in the future, it will be accompanied by the Royal Navy as a precaution. On Tuesday, BP said it had not taken any of its own tankers through the Strait of Hormuz since a July 10th attempt by Iran to seize one of its vessels.

Iran's President, Hassan Rouhani, accused the US of "childish behavior" and acting out of fear on Thursday after the US imposed sanctions on Iran's Foreign Minister, Javad Zarif, on Wednesday amid the rising tensions between the two countries. The US imposed sanctions on Iran's Foreign Minister, blocking any property or interests he has in the US. However, Iran's Foreign Minister said he had none.

The RIA news agency reported that Russia's Ministry of Foreign Affairs said it had the impression that the US was looking for a pretext for conflict in the Persian Gulf.

Enterprise Product Partners' CEO, Jim Teague, said US oil exports will increase from the current 3 million bpd level to over 8 million bpd in the next few years, with almost every incremental barrel heading to international buyers. Despite his optimism about exports rising rapidly, another Enterprise executive cast doubt on the ability of the full infrastructure chain to work seamlessly during the ramp-up period.

Early Market Call - as of 8:50 AM EDT

WTI - Sep \$55.14, up \$1.19

RBOB - Sep \$1.7839, up 3.37 cents

HO - Sep \$1.8906, up 3.81 cents

All NYMEX | Prior Settlements

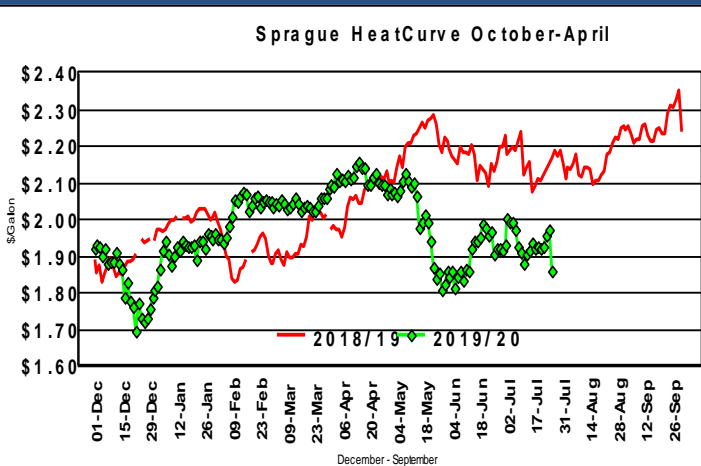
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-19	1.8529	-0.1178	-0.0698
Oct-19	1.8595	-0.1177	-0.0693
Nov-19	1.8626	-0.1173	-0.0696
Dec-19	1.8631	-0.1170	-0.0701
Jan-20	1.8629	-0.1163	-0.0704
Feb-20	1.8575	-0.1143	-0.0705
Mar-20	1.8471	-0.1116	-0.0705
Apr-20	1.8330	-0.1095	-0.0705
May-20	1.8226	-0.1084	-0.0713
Jun-20	1.8154	-0.1076	-0.0723
Jul-20	1.8155	-0.1065	-0.0725
Aug-20	1.8171	-0.1055	-0.0725
Sep-20	1.8195	-0.1046	-0.0723
Oct-20	1.8210	-0.1036	-0.0725
Nov-20	1.8225	-0.1025	-0.0721
Dec-20	1.8218	-0.1015	-0.0718
Jan-21	1.8231	-0.1006	-0.0716

Sprague HeatCurve Oct 2019-Apr 2020		\$1.8566	
Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent-	\$54.0100	-\$4.6200
Crude - Brent	WTI Spread	\$60.5000	-\$4.1300
Natural Gas	\$6.49	\$2.2020	-\$0.0310
Gasoline		\$1.7499	-\$0.1129

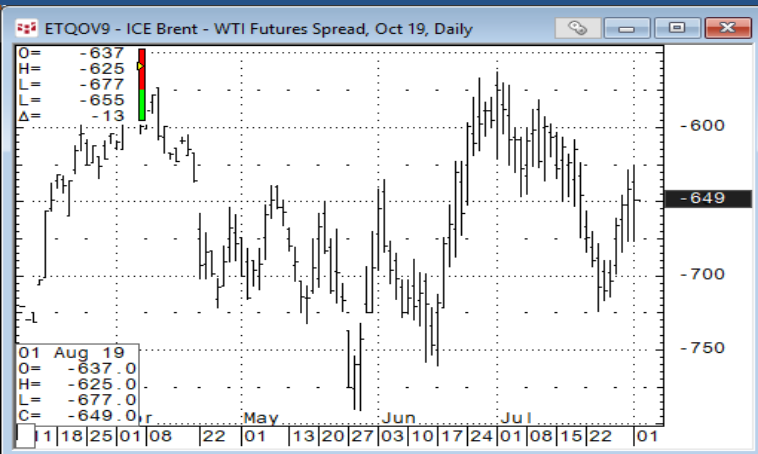
EIA Working Gas Storage Report

	26-Jul-19	19-Jul-19	Change	Year Ago
East	597	575	22	548
Midwest	677	650	27	548
Mountain	156	151	5	146
Pacific	270	271	-1	250
South Central	934	921	13	809
Salt	226	229	-3	207
Nonsalt	708	692	16	602
Total	2,634	2,569	65	2,300

Sprague HeatCurve October-April



ICE October Brent-WTI Spread



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