

Market Commentary

All NYMEX | Prior Settlements

Recap: It was another choppy day for oil prices, which began the session trading above unchanged, supported by expectations that OPEC and other major producers would extend supply cuts. Prices reversed to the downside as the EIA reduced its forecasts for oil prices amid signs of an economic slowdown. After rising to an early morning high of \$54.04 a barrel, July WTI gradually fell to a mid-session low of \$53.15 by 12:03 pm EDT. A failed attempt to take this spot contract back above \$54.00 sparked a fresh round of selling, which pushed July WTI 0.56% lower on the day, to a fresh low of \$52.96. August Brent slipped 28 cents to \$62.01. Losses were pared with both WTI and Brent finishing near unchanged. July WTI settled at \$53.27 a barrel, up 1 cent, while August Brent settled at \$62.29 a barrel, unchanged on the day. July RBOB rose 1.5% to \$1.756 a gallon, while July heating oil rose 0.9% to \$1.822 a gallon.

Technical Analysis: July WTI failed at its 10-day moving average, which it has been trading below since May 22. The inability of this spot contract to settle above this average will lead to further pullbacks. Our view of this market is that it will continue to trade in a sideways pattern as it consolidates between the range of \$55 and \$50. Moving oscillators are set deep in oversold territory since crossing to the upside. As stated on Monday, breaks above \$55 will spur buyers into action, while dips below \$50 will entice selling. Resistance sits at \$55.17, the current 10-day moving average and above that at \$58.17. Support is set at \$50.00 and below that at \$48.40.

Fundamental News: In its Short-Term Energy Outlook, the EIA cut its 2019 world oil demand growth forecast by 160,000 bpd to 1.22 million bpd. The agency cut its oil demand growth estimate for 2020 by 110,000 bpd to 1.42 million bpd. Total world oil demand is estimated at 101.14 million barrels in 2019 and 102.56 million barrels in 2020. The EIA estimated that OPEC's oil production is expected to fall by 1.81 million bpd to 30.15 million bpd in 2019 and by 440,000 bpd to 29.71 million bpd in 2020. Non-OPEC supply is expected to increase by 2.16 million bpd to 65.53 million bpd in 2019 and by 2.56 million bpd to 68.09 million bpd in 2020. Meanwhile, US oil demand is expected to increase by 190,000 bpd to 20.64 million bpd in 2019 and by 250,000 bpd to 20.89 million bpd in 2020. US crude oil output in 2019 is expected to increase by 1.36 million bpd to 12.32 million bpd and by 94,000 bpd to 13.26 million bpd in 2020. In regards to prices, the EIA forecast Brent prices will average \$67/barrel in 2019, down \$3/barrel from its previous forecast and remain at \$67/barrel in 2020. For the 2019 summer driving season, the EIA forecast that US regular gasoline retail prices will average \$2.76/gallon, down from an average of \$2.85/gallon last summer.

In its 2019 Statistical Review of World Energy, BP said extreme temperatures around the world drove an increase in energy demand and carbon emissions last year. BP's Chief Economist, Spencer Dale, said that while 2018 saw another increase in renewable power such as wind and solar, continued growth in oil, gas and coal consumption meant that overall, the world's energy mix remained "depressingly" flat. Global energy demand grew by 2.9% in 2018, the fastest rate since 2010. As energy consumption increased, greenhouse gas emissions caused by burning of fossil fuels, increased by 2% in 2018.

Russia's average oil production stood at 11.04 million bpd on June 1-10, up from an average of 10.87 million bpd on June 1-3. Oil output in the first three days of June was the lowest since mid-2016.

Libya's Sarir oilfield lost 30,000 bpd in output due to a power generator fire. Libya's National Oil Corp said a fire broke out on Sunday due to the hot weather. The field's output stands at 155,000 bpd.

Early Market Call - as of 8:15 AM EDT

WTI - July \$51.84, down \$1.43
 RBOB - July \$1.7214, down 3.49 cents
 HO - July \$1.7954, down 2.7 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-19	1.8221	0.0158	0.0006
Aug-19	1.8289	0.016	0.0024
Sep-19	1.8366	0.0154	0.001
Oct-19	1.846	0.0152	0.0015
Nov-19	1.8539	0.0147	0.0026
Dec-19	1.8591	0.0143	0.0035
Jan-20	1.8629	0.0142	0.0044
Feb-20	1.8608	0.0142	0.0046
Mar-20	1.8546	0.0144	0.0058
Apr-20	1.843	0.0145	0.0067
May-20	1.8357	0.0146	0.007
Jun-20	1.8319	0.0151	0.0075
Jul-20	1.8345	0.0149	0.0092
Aug-20	1.8382	0.0148	0.0106
Sep-20	1.8424	0.0149	0.0115
Oct-20	1.8453	0.0149	0.012
Nov-20	1.8477	0.0151	0.0127

Sprague HeatCurve Oct 2019-Apr 2020		\$1.8566
Other Front Month NYMEX		Close
Crude - WTI	Aug Brent- WTI Spread	\$53.5200
Crude - Brent		\$62.2900
Natural Gas	\$8.77	\$2.3990
Gasoline		\$1.7563
		Change
		\$0.0400
		unch
		\$0.0420
		\$0.0260

API Weekly Report for the Week Ending June 7, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 4.9 million barrels	Up 80,000 barrels
Cushing, OK Crude Stocks	Up 2.4 million barrels	
Gasoline Stocks	Up 829,000 barrels	Down 380,000 barrels
Distillate Stocks	Down 3.5 million barrels	Up 704,000 barrels
Refinery Runs	Up 362,000 bpd	Up 0.5% at 92.3%

NYMEX Heating Oil July-August Spread

NYMEX RBOB July-August Spread

