

Market Commentary

Recap: Oil prices rose on Monday, as tensions in the Middle East escalated with the seizure of a British tanker by Iran's Revolutionary Guards. Despite the heightened tensions, rising U.S. production and worries over weak global demand have worked to keep a cap on prices, as the Middle East is no longer the dominant player in the oil market. A different pricing dynamic has been evolving with new supply calculations based on the U.S. as the world's largest producer, and the partnership between No. 2 Russia and No. 3 Saudi Arabia trying to keep control on production levels. Oil prices were up just over 2% in overnight trading, with September WTI reaching a session high of \$57.04 a barrel, a gain of \$1.28, or 2.2% by 4:03 am EST, while September Brent hit a high of \$64.03 a barrel, for a gain of 1.56, or 2.5%. By day break, gains were pared with a dip back toward Friday's settlement in both WTI and Brent before they both resumed to the upside. Both August and September WTI settled at \$56.22, with the September contract adding 66 cents, or 0.8%, while September Brent settle at \$63.26 a barrel, up 79 cents, or 1.3%. August RBOB fell by 0.7% to \$1.8279 a gallon, while August heating oil rose 0.5%, to \$1.8995 a gallon.

Technical Analysis: Prices gapped higher on Monday, and continued to work toward \$57.02, the 38% retracement provided by the April high of \$67.17 and the June low of \$50.74, which held up as an area of resistance for the third straight session. The fact that prices cannot hold above this level indicates underlying weakness and therefore, we would look for a dip toward \$55.00. Below this level, additional support is set at \$54.30 and \$53.45. To the upside and above \$57.00, resistance is set at \$57.98, the current 10-day moving average.

Fundamental News: US President, Donald Trump, denied that Iran had arrested 17 people whom Iran accused of being CIA spies and had sentenced some to death, calling the reports "totally false." US Secretary of State, Mike Pompeo, also dismissed Iran's announcement it had captured 17 spies working for the US Central Intelligence Agency and sentenced some to death. He said the Iranian regime has a long history of lying.

Britain called on Iran on Monday to release a British-flagged tanker and its crew immediately. Iranian Revolutionary Guards seized the Stena Impero in the Strait of Hormuz on Friday in apparent retaliation for the British capture of an Iranian tanker two weeks earlier. Meanwhile, Britain's Foreign Minister, Jeremy Hunt, said Britain will seek to put together a European-led maritime protection mission to ensure safe shipping through the Strait of Hormuz.

The IEA said it is closely monitoring developments in the Strait of Hormuz and ready to take quick action if needed to keep the global oil market supplied.

US Energy Secretary, Rick Perry, said the rise in new suppliers of oil and gas has reduced the ability of Iran to influence global oil markets.

Libya's National Oil Corp restarted the Sharara oilfield and lifted force majeure on loadings of its crude oil from the Zawiyah terminal. The oilfield was shut on Friday evening after an unidentified group shut a valve on the pipeline linking it to Zawiyah.

IIR Energy reported that US oil refiners are expected to shut in 341,000 bpd of capacity in the week ending July 26th, increasing available refining capacity by 413,000 bpd from the previous week.

Philadelphia Energy Solutions filed for its second Chapter 11 bankruptcy in less than two years on Sunday, a month after a fire and explosion led to the permanent shutdown of the largest oil refinery on the US East Coast. Separately, market sources stated that PES has been selling biofuel credits, called Renewable Identification Numbers, in the months leading up to filing for Chapter 11 bankruptcy protection.

Early Market Call - as of 8:10 AM EDT

WTI - Sep \$56.02, down 20 cents

RBOB - Aug \$1.8325, up 42 points

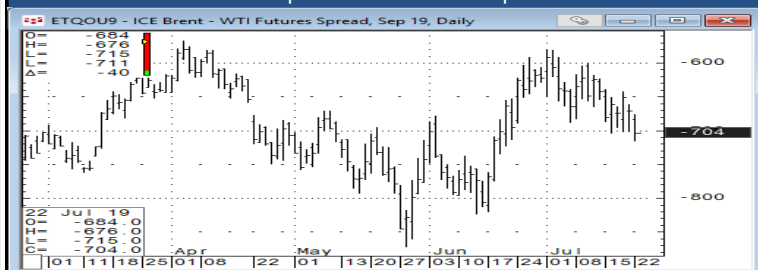
HO - Aug \$1.8965, down 29 points

All NYMEX | Prior Settlements

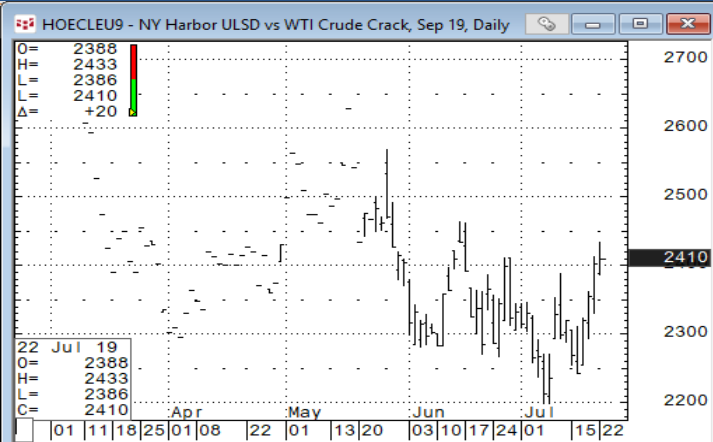
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-19	1.8995	0.0099	-0.0521
Sep-19	1.9073	0.0106	-0.0526
Oct-19	1.914	0.011	-0.0535
Nov-19	1.9186	0.0116	-0.0549
Dec-19	1.9203	0.012	-0.0561
Jan-20	1.9207	0.012	-0.0565
Feb-20	1.9159	0.0118	-0.0568
Mar-20	1.9064	0.0114	-0.0575
Apr-20	1.8926	0.011	-0.0575
May-20	1.8833	0.0104	-0.0567
Jun-20	1.8774	0.0101	-0.0556
Jul-20	1.8781	0.0099	-0.0541
Aug-20	1.8802	0.0097	-0.0527
Sep-20	1.8828	0.0095	-0.0516
Oct-20	1.8849	0.0094	-0.0499
Nov-20	1.8864	0.0093	-0.0483
Dec-20	1.886	0.0096	-0.047

Sprague HeatCurve Oct 2019-Apr 2020		\$1.9143	
Other Front Month NYMEX		Close	Change
Crude - WTI	Sep Brent-	\$56.2200	\$0.4600
Crude - Brent	WTI Spread	\$63.2600	\$0.7900
Natural Gas	\$7.04	\$2.3120	\$0.0610
Gasoline		\$1.8279	-\$0.0126

ICE September WTI-Brent Spread



September Heating Oil Crack Spread



September RBOB Crack Spread

