

Market Commentary

Recap: Oil prices turned lower on Monday, as the impact of a tropical storm on U.S. Gulf Coast production and refining appeared to be less than expected and on mixed economic data out of China. Hurricane Barry was downgraded to a tropical depression, and as a result, refineries in its path continued to operate after slashing offshore production by 73%. Chinese industrial output and retail data topped expectations, but overall figures showed the country's slowest quarterly economic growth in decades, dimming the outlook for crude demand. After rising 71 cents, to a session high of \$60.92 a barrel, August WTI dropped \$1.57, to a late session low of \$59.35 a barrel, before trimming losses to settle at \$59.58 a barrel, down 63 cents, or 1.05%. Brent for September delivery slipped \$1.22 off its high of \$67.46 a barrel, to reach a low of \$66.24, before it too trimmed losses to settle at \$66.48 a barrel, down 24 cents, or 0.36%. August RBOB lost 4.7 cents, or 2.4%, to \$1.9303 a gallon, while August heating oil settled at \$1.9516 a gallon, down by 2.9 cents, or 1.4%.

Technical Analysis: WTI continues to fail at \$60.95, the 62% retracement established by the June low of \$50.80 and the April high of \$67.23. This, in conjunction with Monday's outside trading session, followed by a lower close, is an indication that this market will struggle to the upside. That being said, we believe that we could see additional dips toward the 10-day moving average, currently set at \$58.37, where we could encounter bottom picking. The \$61.00 should continue to provide heavy resistance. Above this level, additional resistance rests at \$61.55 and above that at \$62.80. Below the 10-day moving average, support rest at \$57.08.

Fundamental News: British Foreign Secretary, Jeremy Hunt, said that there was still time to save the Iran nuclear deal and that despite the US being Britain's closest ally it disagreed on how to handle the Iran crisis. Foreign ministers were meeting in Brussels to convince Iran and the US to reduce tensions and initiate talks amid fears that the 2015 deal is close to collapse.

The spokesman for Iran's nuclear agency, Behrouz Kamalvandi, said Iran will return to the situation before its nuclear deal with world powers unless European countries fulfill their obligations. Iran says the European countries must do more to guarantee it the economic benefits it was meant to receive in return for cuts to its nuclear program under the deal. Separately, Iran's Foreign Ministry spokesman, Abbas Mousavi, said Iran will stay committed to a landmark 2015 nuclear deal with world powers at the same level that the other signatories remain committed. He said that Iran expected Europe to take operational steps to fulfill the deal. Meanwhile, Iran's President, Hassan Rouhani, said Iran is ready to hold talks with the US if Washington lifts sanctions and returns to the 2015 nuclear deal it quit last year.

IIR Energy reported that US oil refiners are expected to shut in 567,000 bpd of capacity in the week ending July 19th, cutting available refining capacity by 264,000 bpd from the previous week. Offline capacity is expected to fall to 255,000 bpd in the week ending July 26th.

According to the US Bureau of Safety and Environmental Enforcement, US offshore oil producers restarted 4% of the production shut by Tropical Storm Barry last week. A total of 69% or 1.3 million bpd of oil production in the US-regulated areas of the Gulf of Mexico remained shut on Monday, 4% less than on Sunday.

In its monthly drilling productivity report, the EIA stated that US oil output from seven major shale formations is expected to increase by about 49,000 bpd in August to a record 8.55 million bpd.

Early Market Call - as of 8:30 AM EDT

WTI - Aug \$59.63, up 5 cents

RBOB - Aug \$1.9325, up 23 points

HO - Aug \$1.9577, up 58 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-19	1.9516	-0.0285	0.0563
Sep-19	1.9599	-0.0268	0.0576
Oct-19	1.9675	-0.0257	0.0578
Nov-19	1.9735	-0.025	0.0571
Dec-19	1.9764	-0.024	0.0559
Jan-20	1.9772	-0.0234	0.0548
Feb-20	1.9727	-0.0225	0.0538
Mar-20	1.9639	-0.022	0.0522
Apr-20	1.9501	-0.0214	0.0508
May-20	1.94	-0.021	0.0487
Jun-20	1.933	-0.0211	0.0467
Jul-20	1.9322	-0.0214	0.0453
Aug-20	1.9329	-0.0216	0.0443
Sep-20	1.9344	-0.0219	0.0432
Oct-20	1.9348	-0.0225	0.0418
Nov-20	1.9347	-0.0229	0.0409
Dec-20	1.933	-0.0232	0.0401

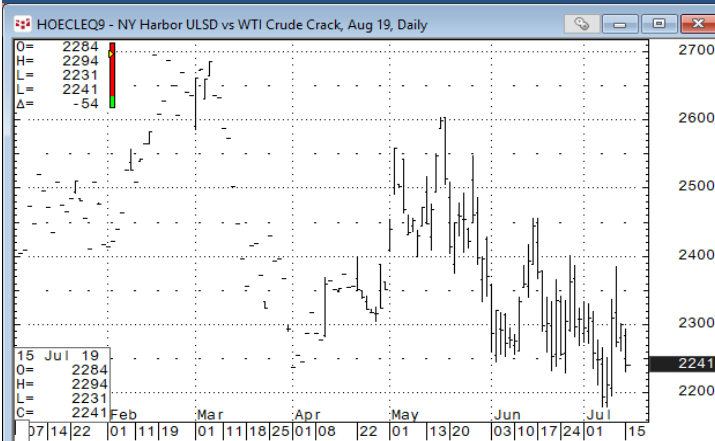
Sprague HeatCurve Oct 2019-Apr 2020 \$1.9707

Other Front Month NYMEX		Close	Change
Crude - WTI	Sep Brent-	\$59.6800	-\$0.6200
Crude - Brent	WTI Spread	\$66.4800	-\$0.2400
Natural Gas	\$6.80	\$2.4080	-\$0.0450
Gasoline		\$1.9303	-\$0.0467

ICE September Brent-WTI Spread



August Heating Oil Crack Spread



August RBOB Crack Spread

