

Market Commentary

Recap: Oil prices posted modest gains on Friday, a day after an attack on two tankers in the Gulf of Oman raised concerns about potential supply disruptions. Gains were kept contained after the IEA cut its global oil demand forecast, while referencing "plentiful" supply to meet growth. Geopolitical turmoil will continue to provide support for oil prices, while the supply and demand scenario will work to keep a ceiling on prices. August WTI rose to a high \$52.90 a barrel by 11:00 am EDT but then drifted between the range of \$52.87 and \$52.70 for most of the afternoon. August Brent was contained between the range of \$62.25 and \$62.00. July WTI settled at \$52.51 a barrel, up 23 cents, or .044%, or a weekly loss of 2.7%. Brent for August delivery added 70 cents, or 1.14%, to settle at \$62.01 a barrel, or a weekly loss of 2%. July RBOB gained .0126, to settle at \$1.7325, down 0.3¢ on the week, while July heating oil settled at \$1.8294, up .0228, for a weekly gain of 0.25%.

Technical Analysis: WTI fell hard this week but maintained support above \$50.00. This level is proving to be a key area of support, as it has not been below it since the week of January 7. We continue to look for sideways trading, with WTI trending between \$55.00 and \$50.00. Below the \$50.00 level, additional support can be found at \$48.40 and \$47.50, with resistance set at \$53.27 and \$55.00.

Fundamental News: In its monthly report, the IEA revised down its 2019 demand growth estimate by 100,000 barrels to 1.2 million bpd but said it would increase to 1.4 million bpd in 2020. The oil demand growth forecast assumes the maintenance of US and Chinese tariffs imposed on goods in 2018, but the IEA said it had not factored in further US tariffs announced in May. The IEA also attributed lackluster demand growth in the first half of the year to a decline in the petrochemical industry in Europe, warmer than average weather in the northern hemisphere and stalled US gasoline and diesel demand. It also reported that increasing US supply as well as gains from Brazil, Canada and Norway would contribute to an increase in non-OPEC supply of 1.9 million bpd this year and 2.3 million bpd in 2020.

Separately, the executive director of the IEA, Fatih Birol, said attacks on two tankers in the Gulf of Oman threaten global energy security.

The head of Russia's Gazprom Neft, Alexander Dyukov, said OPEC and non-OPEC producers should raise oil production starting from the second half of the year to balance the market and keep prices at an acceptable level. He said an oil price at \$55-\$65/barrel is acceptable for Russian producers, adding that the company is ready to quickly restore its oil output. Gazprom Neft could restore production to 1 million tons annually, or 20,000 bpd and add another 1 million tons by the end of the year.

Brazil's umbrella union group FUP said Petrobras oil workers started a strike in eight Brazilian states as part of nationwide protests against a government pension reform proposal.

Iran's President, Hassan Rouhani, said the Middle East situation requires closer ties between Iran and Russia. He also stated that US actions pose a serious threat to stability in the Middle East after the US accused Iran of attacks on oil tankers.

Meanwhile, Iran rejected blame for attacks on two oil tankers in the Gulf of Oman and affirmed its responsibility for security in the Strait of Hormuz. Iran's Foreign Minister, Mohammad Javad Zarif, rejected the US accusations as part of "sabotage diplomacy."

IIR Energy reported that US oil refiners are expected to shut in 520,000 bpd of capacity in the week ending June 14th, increasing available refining capacity by 103,000 bpd from the previous week. Offline capacity is expected to fall to 282,000 bpd in the week ending June 21st and to 261,000 bpd in the week ending June 28th.

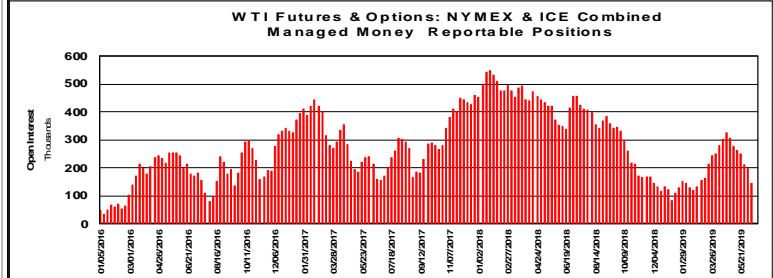
Early Market Call - as of 9:15 AM EDT

WTI - July \$52.05 down 46 cents
 RBOB - July \$1.7173 down 1.42 cents
 HO - July \$1.8169 down 1.25 cents

All NYMEX | Prior Settlements

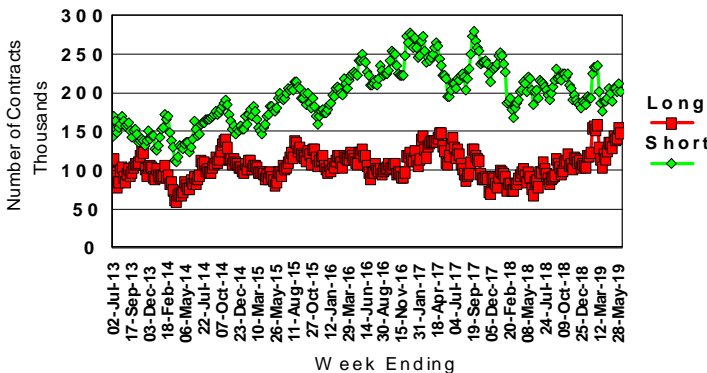
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-19	\$1.8294	\$0.0228	\$0.0046
Aug-19	\$1.8358	\$0.0208	\$0.0042
Sep-19	\$1.8426	\$0.0195	\$0.0022
Oct-19	\$1.8504	\$0.0183	\$0.0002
Nov-19	\$1.8572	\$0.0176	-\$0.0013
Dec-19	\$1.8618	\$0.0172	-\$0.0016
Jan-20	\$1.8651	\$0.0166	-\$0.0017
Feb-20	\$1.8621	\$0.0158	-\$0.0020
Mar-20	\$1.8551	\$0.0149	-\$0.0015
Apr-20	\$1.8428	\$0.0142	-\$0.0009
May-20	\$1.8348	\$0.0136	-\$0.0003
Jun-20	\$1.8304	\$0.0134	\$0.0000
Jul-20	\$1.8323	\$0.0130	\$0.0005
Aug-20	\$1.8352	\$0.0127	\$0.0007
Sep-20	\$1.8384	\$0.0123	\$0.0007
Oct-20	\$1.8408	\$0.0121	\$0.0013
Nov-20	\$1.8430	\$0.0121	\$0.0016

Sprague HeatCurve Oct 2019-Apr 2020		\$1.8585
Other Front Month NYMEX		Close
Crude - WTI	Aug Brent- WTI Spread	\$52.7700
Crude - Brent		\$62.0100
Natural Gas	\$9.24	\$2.3870
Gasoline		\$1.7325



Commitment of Traders Report for the Week Ending June 11, 2019

Producer/Merchant Heat Positons CFTC Commitment of Traders Report



Managed Money Heat Positons CFTC Commitment of Traders Report

