

Market Commentary

All NYMEX | Prior Settlements

Recap: With the G20 summit and the OPEC meeting just days away, WTI hovered close to the \$60.00 level for most of the session, while Brent held near \$67.00 a barrel. All eyes and ears will be on the U.S. and China as to how the two countries can resolve trade issues that have dampened the outlook on demand. With oil demand sagging, and prices only bouncing off of year-to-date lows on the fears of a full-blown war in the Middle East, there is little room for OPEC+ countries to add supply back onto the market without crashing oil prices. Despite holding near multi-week highs, oil prices slipped to fresh lows late in the session, with August WTI trading at \$57.90 a barrel, down \$1.53 by 2:53 pm EST, while September Brent fell to a low of \$64.22 a barrel, down \$1.45. August WTI settled at \$58.47 a barrel, down 96 cents, or 1.62%. Month to date, prices climbed 9.3%. September Brent fell 93 cents, or 1.4%, to finish at \$64.74 a barrel. July RBOB shed 0.2% to \$1.943 a gallon, with the contract up 7.8% for the month. July heating oil shed 0.4% to \$1.945 a gallon, for a monthly rise of 5.6%. The July contracts expired at the end of the session.

Technical Analysis: Based upon a daily bar chart, August WTI finished the week below \$59.37 and \$59.89, the 50 and 200-day moving averages, while posting gains for the second straight week. Coming into next week, we would look for attempts at the \$60.00 level. A break above \$60.00 opens up for a run at \$63.00. We would expect to see pullbacks, which will help to build upside momentum. Above \$60.00, additional resistance is set at \$61.30. Support is set at \$55.49 and below that at \$53.50.

Fundamental News: The EIA reported that US oil production in April increased to a new monthly high of 12.16 million bpd, up 246,000 bpd on the month. Oil production in Texas increased by 11,000 bpd to 4.97 million bpd in April, while production in North Dakota and New Mexico fell slightly. Production offshore in the US Gulf of Mexico increased by 77,000 bpd to 1.98 million bpd in April. US crude oil exports increased to 2.843 million bpd in April from 2.684 million bpd in March. US shipments of crude oil via rail in April increased by 55,000 bpd on the month to 619,000 bpd.

Russia's Energy Ministry said Russia's Minister, Alexander Novak, and his Saudi Arabian counterpart, Khalid Al-Falih, discussed cooperation in the output cut agreement between OPEC and non-OPEC producers on the sidelines of the G20 summit in Japan. Separately, Russia's Energy Minister, Alexander Novak, said the government and its companies have a unified position on the future of the deal between OPEC and its allies to cut crude output. He said Russia is cutting its oil output in June by slightly more than envisaged in a deal between OPEC and non-OPEC producers. It said Russia's oil output now stood at 228,000 barrels, in line with the deal.

Asia's crude oil import from Iran fell in May to the lowest level in at least five years after China and India cut purchases amid US sanctions, while Japan and South Korea halted its imports. Total imports from Asia's top four buyers came to 386,021 bpd of Iranian crude in May, down 78.5% from a year ago to the lowest monthly level.

IIR Energy reported that US oil refiners are expected to shut in 594,000 bpd of capacity in the week ending June 28th, reducing available refining capacity by 153,000 bpd from the previous week. Offline capacity is expected to fall to 357,000 bpd in the week ending July 5th and further to 311,000 bpd in the week ending July 12th.

Philadelphia Energy Solutions confirmed that unintended release of vapors caused the fire at the refinery last week. Officials revealed that the explosion came 22 minutes after hydrocarbon vapors were unintentionally released and found an ignition source.

Early Market Call - as of 8:35 AM EDT

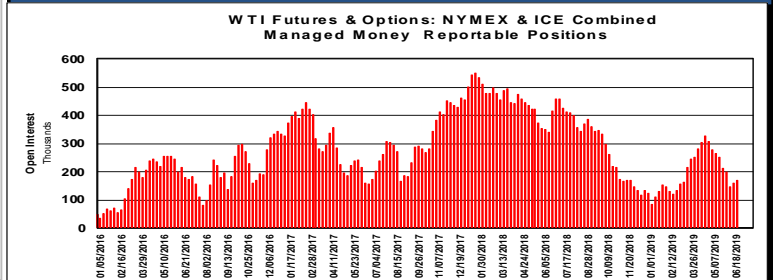
WTI - Aug \$60.13, up \$1.66

RBOB - Aug \$1.9436, up 4.72 cents

HO - Aug \$1.9767, up 3.73 cents

| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Jul-19 | 1.9446 | -0.0079 | 0.0288 |
| Aug-19 | 1.9394 | -0.0218 | 0.0173 |
| Sep-19 | 1.9472 | -0.0218 | 0.0174 |
| Oct-19 | 1.9537 | -0.0222 | 0.0167 |
| Nov-19 | 1.9589 | -0.0221 | 0.016 |
| Dec-19 | 1.9615 | -0.0221 | 0.0144 |
| Jan-20 | 1.9629 | -0.0217 | 0.014 |
| Feb-20 | 1.9583 | -0.0214 | 0.0138 |
| Mar-20 | 1.9495 | -0.0209 | 0.0137 |
| Apr-20 | 1.9347 | -0.0205 | 0.013 |
| May-20 | 1.9245 | -0.0208 | 0.0129 |
| Jun-20 | 1.918 | -0.0213 | 0.0125 |
| Jul-20 | 1.9179 | -0.0216 | 0.0122 |
| Aug-20 | 1.919 | -0.0218 | 0.0121 |
| Sep-20 | 1.9211 | -0.0214 | 0.0125 |
| Oct-20 | 1.9219 | -0.0212 | 0.0125 |
| Nov-20 | 1.9231 | -0.0208 | 0.0125 |

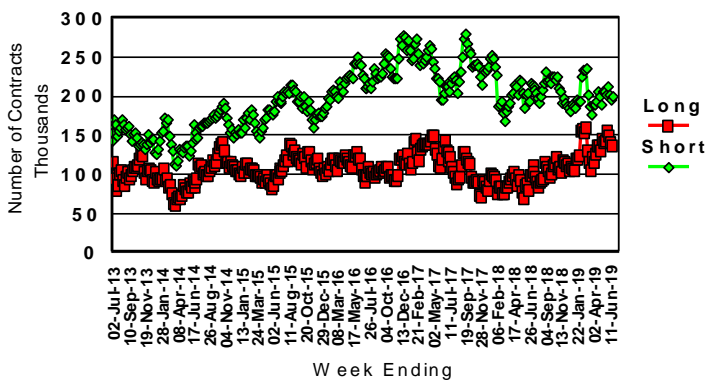
| Sprague HeatCurve Oct 2019-Apr 2020 | | \$1.9561 | |
|-------------------------------------|-----------------------|-----------|-----------|
| Other Front Month NYMEX | | Close | |
| | | Change | |
| Crude - WTI | Aug Brent- WTI Spread | \$58.4700 | -\$0.9600 |
| Crude - Brent | | \$66.5500 | \$0.0000 |
| Natural Gas | \$8.08 | \$2.3080 | -\$0.0160 |
| Gasoline | | \$1.9425 | -\$0.0041 |



Commitment of Traders Report for the Week Ending June 25, 2019

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

