

Market Commentary

Recap: WTI futures climbed almost 3% on Wednesday, as the EIA reported a weekly drop of nearly 13 million barrels in U.S. crude oil stocks, the largest drop since September 2016. Analysts had expected a 2.5 million barrel draw. August WTI fell shy of hitting \$60.00 a barrel, as this spot contract rose to a session high of \$59.93, a gain of \$2.10, or 3.6% by 10:33. August Brent tacked on \$1.81, to top the session at \$66.86 a barrel. Given the 1 million barrel drawdown in gasoline inventories and supply decline at the U.S. oil trading hub at Cushing, OK, a push over \$60.00 seems imminent. August WTI rose \$1.55, or 2.7%, to settle at \$59.38 a barrel. The settlement was the highest for a front-month contract since May 22. August Brent gained \$1.44, or 2.2%, to \$66.49 a barrel, the highest settlement in about a month. Gasoline futures also rallied on news of the planned closure of a key East Coast refinery. Prices for both U.S. oil and gasoline settled at their highest in five weeks. The Philadelphia Energy Solutions refinery in Philadelphia plans to permanently shut down, according to news reports. That follows an explosion and fire at the 335,000 barrel-per-day refinery Friday. July RBOB jumped 9.3 cents, or 5%, to finish at \$1.970 a gallon. This is the highest settlement in five weeks. July heating oil added 4.8 cents, or 2.5%, to \$1.971 a gallon.

Technical Analysis: Based upon a daily spot continuation chart, August WTI blew past \$59.60, the 50-day moving average but stopped short of \$60.01, the 200-day moving average. With WTI continuing to gain strength from supportive fundamentals amid bullish technical indicators, we would look for an attempt to push through the 200-day moving average. We would not however, be surprised to see at bid of a pullback. Above \$60.00, additional resistance is set at \$61.30. Support is set at \$55.49 and below that at \$53.50.

Fundamental News: Barclays expects OPEC and non-OPEC producers to roll over the existing output cut agreement. It maintains its \$73/barrel price forecast for Brent in the second half of 2019. It sees key OPEC producers maintaining close to 100% compliance in the second half of 2019, unless the situation in Iran and Venezuela deteriorates further.

Russia's average oil production during the period of June 1-25, was 11.15 million bpd, up from an average of 11.04 million bpd during June 1-10. Russian oil output in May fell to 11.11 million bpd, its lowest level since June 2018, from 11.23 million bpd in April.

US President, Donald Trump, said he was "not talking boots on the ground" if military action were necessary against Iran, and said any conflict would not last long.

Iran's President, Hassan Rouhani, said America is pursuing an incorrect path. He said European signatories have not done enough to preserve the 2015 nuclear deal and it would be in the benefit of European countries and the US to stick to their promises under the deal.

Separately, Iran's Supreme Leader, Ayatollah Ali Khamenei, said the offer by the US to negotiate with Iran is a deception. He said Iran will not retreat in the face of "cruel" US sanctions and "insults."

IIR Energy reported that US oil refiners are expected to shut in 558,000 bpd of capacity in the week ending June 28th, cutting available refining capacity by 117,000 bpd from the previous week. Offline capacity is expected to fall to 374,000 bpd in the week ending July 5th. Philadelphia's Mayor, Jim Kenney, said Philadelphia Energy Solutions confirmed plans to permanently shut down the 335,000 bpd Philadelphia refinery within the next month after the massive fire caused substantial damage to the complex. PES is expected to file a notice of intent with state and federal regulators as early as Wednesday. PES' 200,000 bpd crude section in the Girard Point section of the facility remains offline since June 21st following the fire at the 20,000 bpd HF alkylation unit. A 65,000 bpd gasoline hydrotreater was also shut on June 21st following the incident.

Early Market Call - as of 8:30 AM EDT
WTI - Aug \$58.97, down 41 cents
RBOB - July \$1.9352, down 3.42 cents
HO - July \$1.9556, down 1.55 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-19	1.9713	0.0479	0.1419
Aug-19	1.9782	0.0473	0.1426
Sep-19	1.9852	0.0464	0.1417
Oct-19	1.9907	0.045	0.139
Nov-19	1.9948	0.0431	0.1364
Dec-19	1.9963	0.0407	0.1329
Jan-20	1.9966	0.0395	0.1297
Feb-20	1.9908	0.0381	0.1265
Mar-20	1.9807	0.0363	0.1233
Apr-20	1.9651	0.0345	0.1196
May-20	1.9548	0.0337	0.1172
Jun-20	1.9484	0.0327	0.1148
Jul-20	1.9483	0.0318	0.1123
Aug-20	1.9492	0.0308	0.1098
Sep-20	1.9504	0.0298	0.1072
Oct-20	1.9506	0.0287	0.1047
Nov-20	1.9512	0.028	0.1029

Sprague HeatCurve Oct 2019-Apr 2020		\$1.9896	
Other Front Month NYMEX		Close	Change
Crude - WTI	Aug Brent- WTI Spread \$7.11	\$59.3800	\$1.5500
Crude - Brent		\$66.4900	\$1.4400
Natural Gas		\$2.2910	-\$0.0170
Gasoline		\$1.9704	\$0.0932

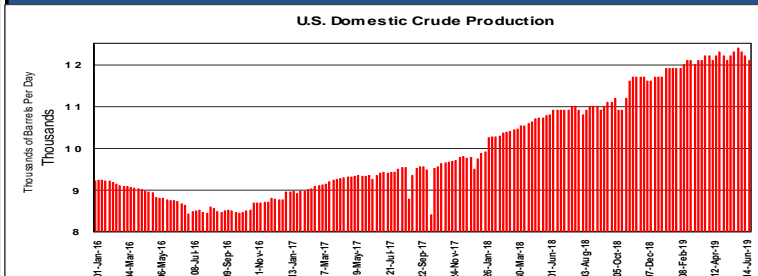
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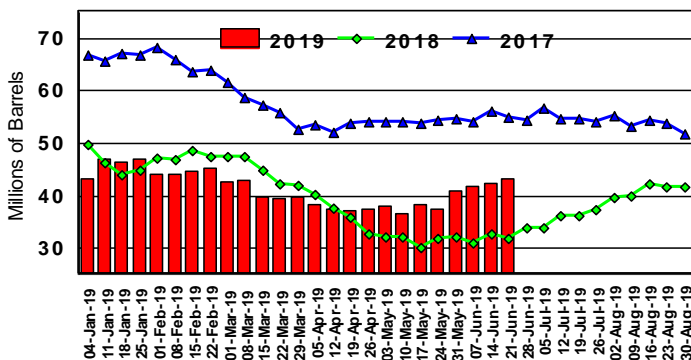
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Weekly EIA Petroleum Status Report for the Week Ending June 21, 2019

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 12.788 million barrels
Cushing, OK Crude Stocks Down 1.8 million barrels
Gasoline Stocks Down 996,000 barrels
Distillate Stocks Down 2.441 million barrels
Refinery % Operated 94.2%, Up 0.3%

PADD #1

Distillate Stocks (in million bbls)	Week Ending June 21, 2019	Week Ending June 14, 2019	Week Ending June 22, 2018
New England	5.6	5.6	4.7
Central Atlantic	23.8	23.5	15.6
Total PADD #1	43.1	42.3	31.7
Distillate Imports (thousands b/d)	20	100	46

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