

Market Commentary

Recap: The oil market on Tuesday fell sharply lower as concerns about the global economy outweighed the OPEC and non-OPEC agreement to extend their output cuts until March 2020. Growth concerns have recently been stoked by the recent weak manufacturing data. Also, a tweet by US President Donald Trump saying any trade deal with China would need to be "somewhat tilted" in favor of Washington also caused doubt of the prospects for a trade deal with China. The crude market posted a high of \$59.43 in overnight trading before it sold off sharply later in the session. The August crude contract extended its losses to \$2.51 as it sold off to \$56.58 by mid-day, where it held some support. The market later sold off even further as it posted a low of \$56.09 ahead of the close. The August WTI contract settled down \$2.84 at \$56.25, while the September Brent contract settled down \$2.66 at \$62.40. The product markets also ended the session sharply lower, with the heating oil market settling down 6.75 cents at \$1.8863 and the RBOB market settling down 6.02 cents at \$1.8703.

Technical Analysis: The crude market on Wednesday is seen retracing its sharp losses as traders await the release of the weekly petroleum stock reports and position themselves ahead of the 4th of July holiday. The August crude contract is seen finding support at its low of \$56.09, \$54.35 and \$53.50. Meanwhile, resistance is seen at \$57.20, followed by \$58.26, \$59.17 and its high of \$59.43. More distant resistance is seen at its previous high of \$60.28.

Fundamental News: Two European diplomats said that Britain, France and Germany will not for the moment trigger a dispute resolution mechanism stated in the 2015 Iran nuclear agreement that could lead to the reimposition of UN sanctions. They stated that Britain, France and Germany would focus on bringing Iran back into compliance and that they wanted to gain more time for talks. Iran's announcement that it had amassed more low-enriched uranium than permitted was confirmed by UN's International Atomic Energy Agency, which monitors Iran's nuclear program under the deal. Iran's Foreign Minister, Mohammad Javad Zarif, said the move was not a violation of the accord, arguing that Iran was exercising its right to respond to the US walkout last year. Meanwhile, France urged Iran to rapidly reverse its first major breach of the nuclear pact, a move denounced by US President Donald Trump as "playing with fire." France's President, Emmanuel Macron, recalled "his attachment to the full respect of the 2015 nuclear accord and asks Iran to reverse without delay this excess, as well as to avoid all extra measures that would put into question its nuclear commitments." China, like France a signatory to the nuclear deal, said it regretted Iran's move but urged all parties to exercise restraint and said the US policy of increasing pressure on Iran was the "root cause of the current tensions." In response, Iran's parliament speaker, Ali Larijani, accused President Trump of bullying Iran with his remark, arguing that such language would only make Iran stronger.

As expected, OPEC and its allied led by Russia agreed to extend oil output cuts until March 2020 on Tuesday. The approval of the pact extension follows a decision by OPEC producers on Monday. Their meeting on Tuesday also agreed on a charter for long-term cooperation between OPEC and non-OPEC producers.

Russia's Energy Ministry reported that the country's oil output stood at 11.15 million bpd in June, up from 11.11 million bpd in May.

Iraq's Oil Ministry reported that the country's total oil exports in June fell to 3.52 million bpd, down from 3.572 million bpd in May. Exports from the southern Basra oilfields fell to 3.39 million bpd from 3.441 million bpd in May.

Data from Platts cFlow, trade flow software, showed that US Gulf Coast middle distillate shipments to Europe for July arrival were scheduled at 860,000 metric tons as of Monday, half the volume bound for Northwest Europe and half of the Mediterranean.

Early Market Call - as of 7:15 AM EDT

WTI - Aug \$56.83, up 58 cents

RBOB - Aug \$1.8807, up 93 points

HO - Aug \$1.8987, up 1.19 cents

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Aug-19	1.8863	-0.0675	-0.0446
Sep-19	1.8935	-0.0675	-0.0453
Oct-19	1.9004	-0.0666	-0.0453
Nov-19	1.9063	-0.0657	-0.0454
Dec-19	1.9098	-0.0646	-0.0458
Jan-20	1.9112	-0.0639	-0.0459
Feb-20	1.9065	-0.0629	-0.0462
Mar-20	1.8978	-0.0621	-0.0466
Apr-20	1.8842	-0.0608	-0.0464
May-20	1.8753	-0.0593	-0.0458
Jun-20	1.8705	-0.0577	-0.0452
Jul-20	1.871	-0.0569	-0.0455
Aug-20	1.8729	-0.0558	-0.0455
Sep-20	1.8756	-0.0551	-0.045
Oct-20	1.8772	-0.0544	-0.0447
Nov-20	1.8785	-0.0542	-0.0447
Dec-20	1.8779	-0.054	-0.0451

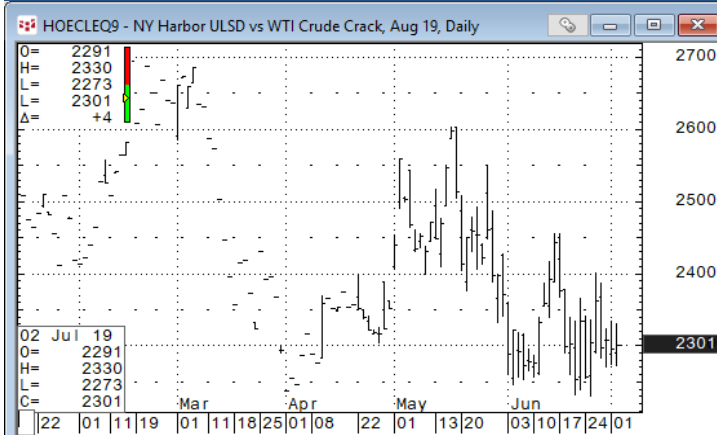
Sprague HeatCurve Oct 2019-Apr 2020 \$1.9043

Other Front Month NYMEX	Close	Change
Crude - WTI	\$56.3400	-\$2.8000
Crude - Brent	\$62.4000	-\$2.6600
Natural Gas	\$2.2400	-\$0.0270
Gasoline	\$1.8703	-\$0.0602

API Weekly Report for the Week Ending June 28, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 5 million barrels	Down 2.5/3.7 million barrels
Cushing, OK Crude Stocks	Up 882,000 barrels	
Gasoline Stocks	Down 837,000 barrels	Down 2.4 million barrels
Distillate Stocks	Down 1.7 million barrels	Down 1.2 million barrels
Refinery Runs	Up 305,000 bpd	Down 0.3%, at 93.9%

August Heating Oil Crack Spread



August RBOB Crack Spread

