

Market Commentary

Recap: Oil prices shot to the upside after the EIA reported a larger than expected drawdown in U.S. crude oil stocks, the first in three weeks. August WTI, which was trading at \$53.67 just prior to the release of the report, jumped 86 cents to a midsession high of \$54.53 a barrel by 10:37 am EST, while August Brent gained equally as much, to trade at \$62.51 a barrel. The inability of WTI to trade above \$55.00 and Brent above \$63.00 prompted light profit taking, with both WTI and Brent slipping into a period of sideways trading. Oil prices slipped, giving up early gains as market participants await the outcome of the upcoming OPEC meeting, which is slated for July 1-2, and the expected meeting between U.S. President Donald Trump and China's President Xi Jinping, which is set to take place at next week's G20 summit. August WTI settled at \$53.97 a barrel, down 14 cents, or 2.5%, while Brent for August delivery fell 32 cents, or 0.51%, to settle at \$61.82 a barrel. July RBOB rose 1.4 cents, or 0.8%, to \$1.736 a gallon. July heating oil rose less than half a cent, or about 0.1%, to \$1.829 a gallon.

Technical Analysis: August WTI held above the 10-day moving average it broke above on Tuesday, validating the break. We would look for continued attempts to break above \$55.00, a key resistance level. A break above this number would trigger fresh buying and open up the opportunity for a run at \$60.00. A shift to the downside, will allow for attempts to trade below the bottom of the congestion area set by the range of \$55.00 and \$50.00. We may very likely continue to see prices bounce up and down within the aforementioned range. Resistance is set at \$56.60, with support set at \$52.80, \$50.00 and \$48.40.

Fundamental News: Iran's Oil Minister, Bijan Zanganeh, said that Europe was not cooperating with Iran to buy its oil in the face of US sanctions against Iran's energy sector.

OPEC has agreed to move its next meeting to July 1st, followed by a meeting with non-OPEC producers on July 2nd. OPEC and its allies were originally planning to meet on June 25th and 26th, have been debating for the past month on a new date for their upcoming meeting to discuss their oil output policy.

Norway's largest union for oil workers, Industri Energi, said it would take 922 members on strike starting June 28th if a state-sponsored wage mediation with employers fails. A potential strike could impact 15 floating installations.

Libya's 130,000 bpd Gialo oil field was shut due to pipeline maintenance expected to last 10 days.

Iraq's Basra Oil Co said Iraq doubled its crude production from the formerly Shell-operated Majnoon oil field to 200,000 bpd. Output from Majnoon had been curtailed to 100,000 bpd at the beginning of the year and briefly fell to 50,000 bpd in March in response to output quotas imposed on Iraq by OPEC.

IIR Energy reported that US oil refiners are expected to shut in 413,000 bpd of capacity in the week ending June 21st, increasing available refining capacity by 127,000 bpd from the previous week. It also reported that offline capacity is expected to fall to 289,000 bpd in the week ending June 28th.

A rocket hit a site in southern Iraq used by foreign oil companies on Wednesday, including ExxonMobil, wounding three people. There was no immediate claim of responsibility for the attack near Iraq's southern city of Basra, the fourth time in a week that rockets have struck near US installations.

Iraq's President, Hassan Rouhani, said pulling out of some commitments under the nuclear deal was a "minimum" measure that Iran could adopt a year after the US withdrew from the nuclear agreement and imposed sanctions on Iran. He said Iran will not negotiate with the US under pressure.

Early Market Call - as of 7:30 AM EDT

WTI - July \$55.65, up \$1.91

RBOB - July \$1.7739, up 3.88 cents

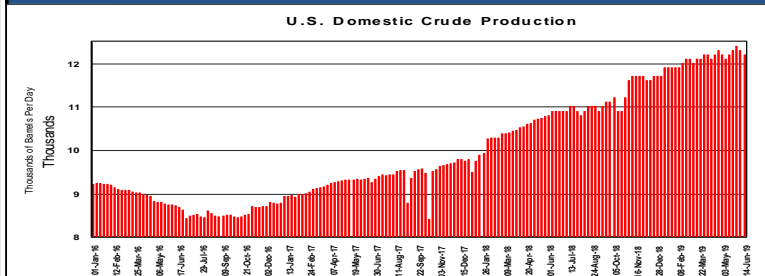
HO - July \$1.8768, up 4.77 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-19	\$1.8294	\$0.0016	\$0.0495
Aug-19	\$1.8356	\$0.0010	\$0.0486
Sep-19	\$1.8435	\$0.0007	\$0.0494
Oct-19	\$1.8517	\$0.0000	\$0.0486
Nov-19	\$1.8584	-\$0.0008	\$0.0475
Dec-19	\$1.8634	-\$0.0013	\$0.0469
Jan-20	\$1.8669	-\$0.0016	\$0.0464
Feb-20	\$1.8643	-\$0.0018	\$0.0455
Mar-20	\$1.8574	-\$0.0021	\$0.0441
Apr-20	\$1.8455	-\$0.0021	\$0.0431
May-20	\$1.8376	-\$0.0023	\$0.0419
Jun-20	\$1.8336	-\$0.0023	\$0.0412
Jul-20	\$1.8360	-\$0.0020	\$0.0404
Aug-20	\$1.8394	-\$0.0017	\$0.0396
Sep-20	\$1.8432	-\$0.0014	\$0.0387
Oct-20	\$1.8459	-\$0.0014	\$0.0382
Nov-20	\$1.8483	-\$0.0014	\$0.0378

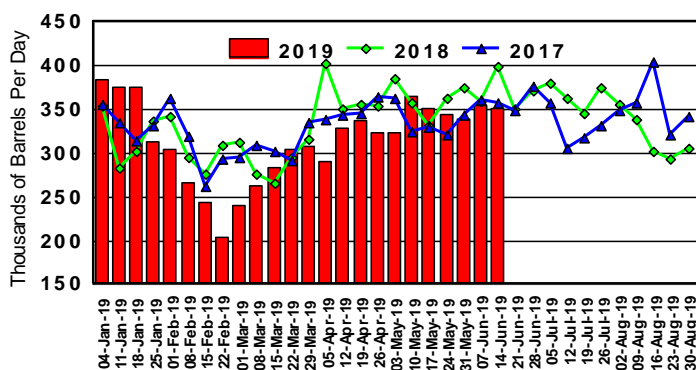
Sprague HeatCurve Oct 2019-Apr 2020 \$1.8604

Other Front Month NYMEX		Close	Change
Crude - WTI	Aug Brent-	\$53.9700	-\$0.1400
Crude - Brent	WTI Spread	\$61.8200	-\$0.3200
Natural Gas	\$7.85	\$2.2760	-\$0.0520
Gasoline		\$1.7355	\$0.0141



Weekly EIA Petroleum Status Report for the Week Ending June 14, 2019

Distillate Production PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 3.106 million barrels

Cushing, OK Crude Stocks Up 642,000 barrels

Gasoline Stocks Down 1.692 million barrels

Distillate Stocks Down 551,000 barrels

Refinery % Operated 93.9%, Up 0.7%

PADD #1

Distillate Stocks (in million bbls)	Week Ending June 14, 2019	Week Ending June 7, 2019	Week Ending June 15, 2018
New England	5.6	5.1	4.8
Central Atlantic	23.8	23.5	15.2
Total PADD #1	42.3	41.5	32.6
Distillate Imports (thousands b/d)	100	58	42