

Market Commentary

Recap: After firming in early morning trading, oil prices turned lower on Tuesday, as U.S. offshore production resumed after Hurricane Barry and as tensions between the U.S. and Iran appeared to be easing. In early morning trading August WTI tacked on 48 cents, to trade at a session high of \$60.06 a barrel. The inability of this spot contract to hold above \$60.00 brought about a round of selling. The down move received an extra jolt after U.S. Secretary of State Pompeo announced that Iran is ready to negotiate on its missile program, and later accelerated after a break below \$59.01 in August WTI. Losses were pared with August WTI settling at \$57.62 a barrel, down \$1.96, or 3.29%, and September Brent settling at \$64.35 a barrel, down \$2.13, or 3.20%. August RBOB fell 3.9 cents, or 2%, to \$1.8918, while August heating oil lost 4.7 cents, or 2.4%, to \$1.9049 a gallon.

Technical Analysis: Technical traders were in their glory today, as August WTI reached several technical levels. This spot contract blasted through \$59.01, the 50% retracement set by the June low of \$50.80 and the April high of \$67.23, and continued to slip through \$58.97, \$58.38, \$58.00, the 200, 10 and 50-day moving averages respectively. It finally found ground at \$57.08, the 38% retracement of the aforementioned range. With moving oscillators now crossed to the downside in overbought territory, we would look for attempts at the \$57.08 level, with a successful attempt opening up the possibility of falling to \$56.00. Resistance is now provided by the moving averages listed above, which are currently set at \$57.90, \$58.56 and \$58.87, the 50, 10 and 200-day moving averages respectively. Support below \$57.08 is set at \$56.00.

Fundamental News: The US Bureau of Safety and Environmental Enforcement said about 58% or 1.1 million bpd of crude production in the US- regulated areas of the Gulf of Mexico remains shut in the wake of Tropical Storm Barry. Also, 171 production platforms, or 26% have not resumed operating as workers continue to return to offshore platforms.

Iran's Supreme Leader, Ayatollah Ali Khamenei, said Iran would continue to reduce its commitments under its nuclear deal, accusing European partners of not fulfilling their obligations. He also stated that Iran would respond to Britain's "piracy" over the seizure of an Iranian oil tanker in Gibraltar. Iran has called on Britain to release the oil tanker, which was seized by British Royal Marines on suspicion it was breaking European sanctions by taking oil to Syria.

British Prime Minister Theresa May's spokesman said an escalation of tensions between Western states and Iran is not in anybody's interest, following threats of retaliation from Iran over the seizure of an oil tanker.

North Dakota's Industrial Commission reported that oil production in North Dakota increased by 1,000 bpd to 1.393 million bpd in May.

Iraqi oil official said a fire at Iraq's southern Basra offshore oil export terminal briefly halted crude oil loading operations on Tuesday but was extinguished and loading resumed. The fire occurred in a residential section of the terminal accommodating workers and did not directly damage oil infrastructure. Basra port has restored full operations with no stoppages at the oil export jetties.

US consultancy, Rapidan, said oil would initially increase by \$15-\$20/barrel if Iran blocked the Strait of Hormuz. However prices would ease immediately once US forces engaged. It said a disruption in the strait would likely last longer than the market expected, as Iran had the means to conduct intermittent but continuing attacks on shipping in the Gulf that could interrupt oil transit "for many weeks, if not longer." A seven-day halt in oil flows in the Gulf could increase Brent prices to around \$80-\$90/barrel, and "well into the triple digits" if the confrontation last a month or longer. Once the conflict ended, prices would fall modestly but maintain a premium of at least \$5 on fears of another disruption.

Early Market Call - as of 8:40 AM EDT

WTI - Aug \$58.30, up 68 cents

RBOB - Aug \$1.9126, up 2.08 cents

HO - Aug \$1.9287, up 2.42 cents

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Aug-19	1.9049	-0.0467	-0.0057
Sep-19	1.9131	-0.0468	-0.0043
Oct-19	1.9212	-0.0463	-0.0029
Nov-19	1.9269	-0.0466	-0.0033
Dec-19	1.9293	-0.0471	-0.0042
Jan-20	1.9298	-0.0474	-0.0051
Feb-20	1.9255	-0.0472	-0.0055
Mar-20	1.9169	-0.047	-0.0066
Apr-20	1.9036	-0.0465	-0.0077
May-20	1.8942	-0.0458	-0.0093
Jun-20	1.8879	-0.0451	-0.0107
Jul-20	1.888	-0.0442	-0.0115
Aug-20	1.8892	-0.0437	-0.0122
Sep-20	1.8912	-0.0432	-0.013
Oct-20	1.8929	-0.0419	-0.0133
Nov-20	1.8937	-0.041	-0.0134
Dec-20	1.8925	-0.0405	-0.0139

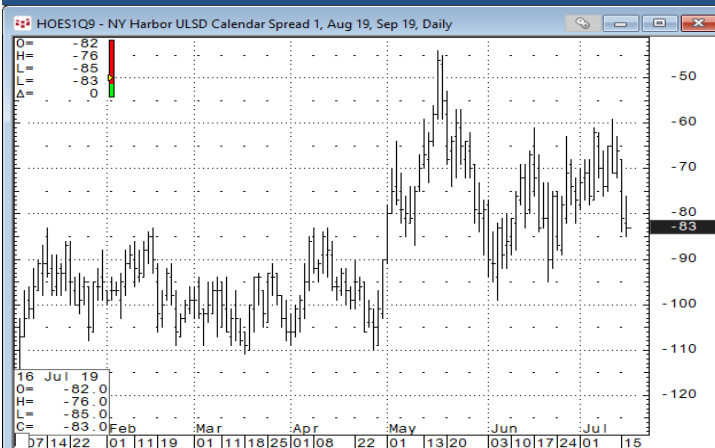
Sprague HeatCurve Oct 2019-Apr 2020 \$1.9237

Other Front Month NYMEX		Close	Change
Crude - WTI	Sep Brent-	\$57.7400	-\$1.9400
Crude - Brent	WTI Spread	\$64.3500	-\$2.1300
Natural Gas	\$6.61	\$2.3060	-\$0.1020
Gasoline		\$1.8918	-\$0.0385

API Weekly Report for the Week Ending July 12, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 1.4 million barrels	Down 4.2 million barrels
Cushing, OK Crude Stocks	Down 1.1 million barrels	
Gasoline Stocks	Down 476,000 barrels	Down 1.5 million barrels
Distillate Stocks	Up 6.2 million barrels	Up 300,000 barrels
Refinery Runs	Up 17,000 bpd	Down 0.5%, at 94.2%

NYMEX Heating Oil Aug-Sep Spread



NYMEX RBOB Aug-Sep Spread

