

Market Commentary

Recap: The crude market, which continued to trade within its recent trading range, traded higher on Monday amid the escalating tensions surrounding Iran's nuclear program. Over the weekend, Iran said it would increase its uranium enrichment above the limit set by the 2015 nuclear agreement. Also, tensions in the Middle East continued to support the market, with Iran threatening to capture a British ship as retribution for UK forces seizing an Iranian tanker in Gibraltar late last week. The crude market opened higher in overnight trading but erased some of its gains as it posted a low of \$57.30. The market bounced off that level and rallied to a high of \$58.46 late in the morning. However, the market erased its gains and traded back towards its low ahead of the close. The August WTI contract settled up 15 cents at \$57.66, while the September Brent contract settled down 12 cents at \$64.11. Meanwhile, the product markets ended in negative territory, with the heating oil market settling down 97 points at \$1.8953 and the RBOB market settling down 2.82 cents at \$1.9013.

Technical Analysis: The oil market is seen trading within the \$56 to \$60 range we mentioned last week, as it has failed to trade outside of the range despite the supportive news surrounding the escalating tension in the Middle East. The market is seen trading sideways ahead of the release of the weekly petroleum stock reports late Tuesday and Wednesday morning. The crude market is seen finding resistance at its high of \$58.46, \$59.43 and \$60.28. Meanwhile, support is seen at its lows of \$57.30, \$56.29 and \$56.04.

Fundamental News: The UN's IAEA said it is still verifying Iran's announcement that it has enriched uranium beyond the maximum purity allowed under the deal.

Iran threatened to restart deactivated centrifuges and sharply increase its enrichment of uranium to 20% purity as its next potential big move away from a 2015 nuclear agreement. The threats, made by Behrouz Kamalvandi, the spokesman for Iran's Atomic Energy Organization, would go far beyond the small steps Iran has taken in the past week to increase its stocks of fissile material just beyond limits in the nuclear agreement. That could raise question about whether the agreement, intended to block Iran from making a nuclear weapon, is still viable. The spokesman confirmed an announcement that Iran had enriched uranium beyond the 3.67% purity that the deal allows, passing 4.5%. Iran has stated that it will take another, third step away from the deal within 60 days but has so far held back from formally announcing what that next step would entail. He said authorities were discussing options that included the prospect of enriching uranium to 20% purity or beyond, and restarting centrifuges that were dismantled as one of the deal's core aims.

The European Union is extremely concerned about Iran's announcement on enriching uranium above internationally-approved levels and called on Iran to "stop and reverse" action that goes against the world powers' nuclear deal with Iran.

Iran's Foreign Minister, Mohammad Javad Zarif, said world powers will not be able to negotiate a better deal with Iran than the 2015 nuclear agreement.

Goldman Sachs stated that growth in US shale production is likely to outpace that of global demand at least through 2020 and limit gains in oil prices despite output cuts led by OPEC. It forecast US output growth at 1.3 million bpd and 1.2 million bpd in 2019 and 2020, respectively, compared with its global demand and growth expectations of 800,000 bpd and 1.6 million bpd, respectively. It kept its 2020 price outlook of about \$60/barrel for Brent and \$55.50/barrel for WTI unchanged.

IIR Energy reported that US oil refiners are expected to shut in 66,000 bpd of capacity in the week ending July 12th, increasing available refining capacity by 116,000 bpd from the previous week. Offline capacity is expected to increase to 265,000 bpd in the week ending July 19th.

Early Market Call - as of 8:20 AM EDT

WTI - Aug \$58.03, up 37 cents

RBOB - Aug \$1.9190, up 1.8 cents

HO - Aug \$1.9028, up 87 points

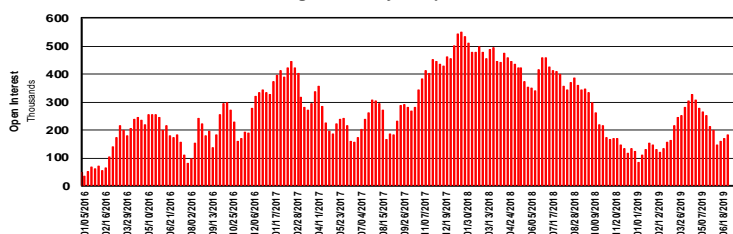
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-19	1.8953	-0.0097	-0.0585
Sep-19	1.9023	-0.0088	-0.0587
Oct-19	1.9097	-0.0081	-0.0573
Nov-19	1.9164	-0.0072	-0.0556
Dec-19	1.9205	-0.007	-0.0539
Jan-20	1.9224	-0.0068	-0.0527
Feb-20	1.9189	-0.006	-0.0505
Mar-20	1.9117	-0.0049	-0.0482
Apr-20	1.8993	-0.0037	-0.0457
May-20	1.8913	-0.0028	-0.0433
Jun-20	1.8863	-0.0025	-0.0419
Jul-20	1.8869	-0.0024	-0.041
Aug-20	1.8886	-0.0023	-0.0401
Sep-20	1.8912	-0.0021	-0.0395
Oct-20	1.893	-0.0015	-0.0386
Nov-20	1.8938	-0.0015	-0.0389
Dec-20	1.8929	-0.0014	-0.039

Sprague HeatCurve Oct 2019-Apr 2020 \$1.9161

Other Front Month NYMEX		Close	Change
Crude - WTI	Sep Brent-	\$57.7600	\$0.1700
Crude - Brent	WTI Spread	\$64.1100	-\$0.1200
Natural Gas	\$6.35	\$2.4030	-\$0.0150
Gasoline		\$1.9013	-\$0.0282

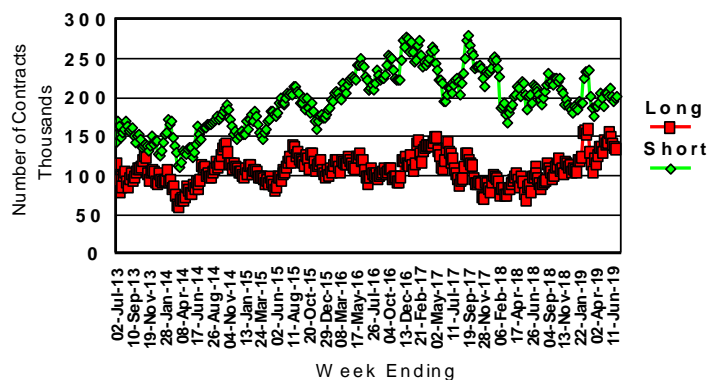
WTI Futures & Options: NYMEX & ICE Combined
Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending July 2, 2019

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

