

## Market Commentary

**Recap:** The ongoing trade war between the U.S. and China dominated market activity, pushing oil prices lower on Monday. Brent crude oil was hit the hardest, with the October contract falling as much as \$2.23, or 3.5%, to a session low of \$59.66, the lowest level for a spot futures contract since June 13. WTI, although lower on the day, held up better than Brent. In the cash market, WTI in Midland traded in positive territory for the first time in more than a month on expectations that a new pipeline from the nearby Permian basin will begin operations soon. This, along with expectations that stockpiles held at Cushing, Ok fell 2.4 million barrels in the week ending Aug. 2, helped to prop up the September WTI contract, which traded as much as a 13 cent premium to October WTI. This is the widest the front month spread has traded since April. September WTI traded at a low of \$54.22 a barrel, down \$1.44, or 2.6% before paring losses to settle at \$54.69, down 97 cents, or 1.7%. October Brent settled at \$59.81 a barrel, down \$2.08, or 3.3%. Meanwhile, September RBOB fell 3.5% to \$1.7192 a gallon, ending 2.2% lower for last week, while September heating oil fell 2.7% to \$1.8391 a gallon.

**Technical Analysis:** September WTI's inside trading session followed by a lower close should mean lower prices at the onset of Tuesday's session. Although moving oscillators are set in oversold territory, they do not appear ready to cross to the upside, further supporting a lower move. Support is set at \$53.59 and below that at \$52.65. Resistance is set at \$56.32 and above that at \$57.02

**Fundamental News:** Iran's Atomic Energy Organization told European signatories to the 2015 nuclear deal it would further reduce its compliance in about a month's time if they failed to uphold their commitments. The Atomic Energy Organization's spokesman, Behrouz Kamalvandi, said Iran has already reduced its commitments to the deal by having more than 130 tons of heavy water and more than 300 kilograms of enriched uranium.

Iran's Foreign Minister, Javad Zarif, said Iran runs security in the Strait of Hormuz and will no longer tolerate "maritime offences" there, a day after it seized a second oil tanker near the waterway that it accused of smuggling fuel. On Sunday, Iran's elite Revolutionary Guards Corp seized an Iraqi tanker north of the Strait and detained its seven crew members. Revolutionary Guards commander Ramezan Zirahi was quoted as saying it was carrying 700,000 liters of fuel.

Iraq's Oil Ministry said it has no connection with an oil tanker seized by Iran in the Gulf for smuggling fuel. It said Iraq does not export diesel to the international market.

German Foreign Minister, Heiko Maas, reiterated on Monday that Germany would not join a US-led naval mission in the Strait of Hormuz, adding that Germany favored a European mission but warned it was rather difficult to make progress on that. Separately, Britain on Monday joined the US in a maritime security mission in the Gulf to protect merchant vessels travelling through the Strait of Hormuz. British officials stressed that there was no change to London's policy on Iran but joining the US is the most significant non-Brexit foreign policy move to date of Prime Minister Boris Johnson's 12-day old government.

IIR Energy reported that US oil refiners are expected to shut in 74,000 bpd of capacity in the week ending August 9<sup>th</sup>, increasing available refining capacity by 8,000 bpd from the previous week. Offline capacity is expected to fall to 59,000 bpd in the week ending August 16<sup>th</sup>.

**Early Market Call - as of 8:10 AM EDT**

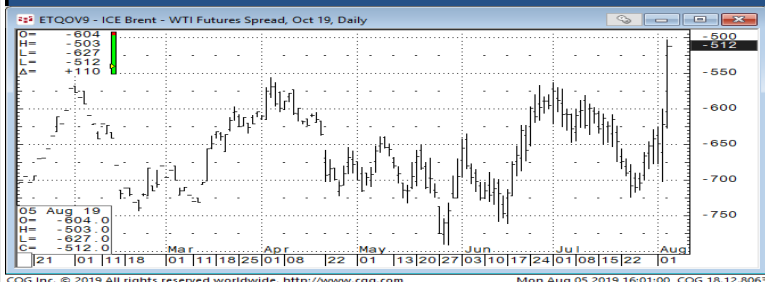
WTI - Sep \$55.23, up 54 cents  
 RBOB - Sep \$1.7283, up 99 points  
 HO - Sep \$1.8460, up 1.04 cents

## All NYMEX | Prior Settlements

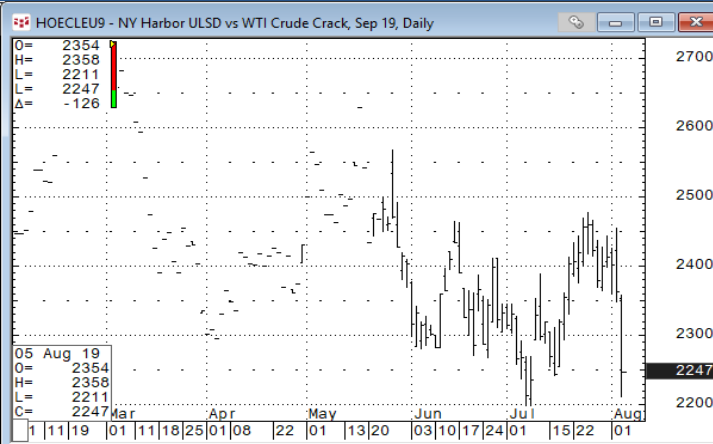
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-19	1.8356	-0.0546	-0.0847
Oct-19	1.8414	-0.0548	-0.0858
Nov-19	1.8446	-0.0546	-0.0868
Dec-19	1.8460	-0.0539	-0.0865
Jan-20	1.8470	-0.0529	-0.0857
Feb-20	1.8428	-0.0517	-0.0846
Mar-20	1.8335	-0.0504	-0.0832
Apr-20	1.8207	-0.0493	-0.0817
May-20	1.8116	-0.0483	-0.0812
Jun-20	1.8058	-0.0472	-0.0807
Jul-20	1.8076	-0.0457	-0.0790
Aug-20	1.8109	-0.0442	-0.0770
Sep-20	1.8146	-0.0428	-0.0758
Oct-20	1.8174	-0.0412	-0.0742
Nov-20	1.8201	-0.0398	-0.0722
Dec-20	1.8205	-0.0388	-0.0704
Jan-21	1.8230	-0.0378	-0.0687

Sprague HeatCurve Oct 2019-Apr 2020		\$1.8410	
Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent-	\$54.5800	-\$1.0900
Crude - Brent	WTI Spread	\$59.8100	-\$2.0800
Natural Gas	\$5.23	\$2.0700	-\$0.0510
Gasoline		\$1.7180	-\$0.0635

### ICE October Brent-WTI Spread



## September Heating Oil Crack Spread



## September RBOB Crack Spread

