

## Market Commentary

**Recap:** The oil market traded higher but failed to breach its previous high as concerns over a global surplus in the months ahead limited its gains. The IEA said increasing US oil output will outpace global demand and lead to a large inventory build around the world in the next nine months. The crude market opened 26 cents higher at \$60.46 and posted a high of \$60.74 in early morning trading. However, the market erased its gains and sold off to a low of \$59.93 in light of the IEA report. The market later bounced off that level and traded back towards its high and remained supported ahead of the close, as the US Bureau of Safety and Environmental Enforcement reported that almost 59% or 1.1 million bpd of crude production in the US-regulated Gulf of Mexico was cut due to Tropical Storm Barry. The August WTI contract settled up 1 cent at \$60.21, while the September Brent contract settled up 20 cents at \$66.72. The product markets ended mixed, with the heating oil market settling up 15 points at \$1.9801 and the RBOB market settling down 1.25 cents at \$1.9770.

**Technical Analysis:** The crude market on Monday will be driven by the news over the weekend of any major impact from Tropical Storm Barry on the refining sector in Louisiana. The storm is expected to become a hurricane just before making landfall this weekend. The crude market is seen finding resistance at its high of \$60.74, \$60.94, followed by \$61.48 and \$63.08. Meanwhile, support is seen at its low of \$59.93, \$58.35, \$57.29, \$56.29 and \$56.04.

**Fundamental News:** The US Bureau of Safety and Environmental Enforcement said almost 59% or 1.1 million bpd of crude production in the US-regulated Gulf of Mexico has been cut due to Tropical Storm Barry.

The IEA said increasing US oil output will outpace global demand and lead to a large stock build around the world in the next nine months. It said the global call for OPEC oil in the first quarter of 2020 will fall to 28 million bpd, the lowest since the third quarter of 2003. Historically, OPEC has played a market balancing role, but with US energy exports continuing to increase, a 390,000 bpd increase in non-OPEC supply in June far outweighed a 90,000 bpd decline in OPEC output. Non-OPEC production in 2020 is estimated to increase by 2.1 million bpd, out of which a full 2 million bpd is expected to come from the US. At current OPEC output levels of 30 million bpd, the IEA predicted that global oil stocks could increase by 136 million barrels by end of the first quarter of 2020.

Baker Hughes reported that the number of rigs searching for oil increased by 4 to 784 in the week ending July 12<sup>th</sup>.

Norway's Petroleum Directorate said the country's oil production in June fell by 28.2% on the year and by 10.2% on the month to 1.067 million bpd.

China's General Administration of Customs said the country's crude oil imports in June increased by 15.2% on the year and 1.7% on the month to 39.58 million tons or 9.63 million bpd.

IIR Energy reported that US oil refiners are expected to shut in 278,000 bpd in the week ending July 12, cutting available refining capacity by 95,000 bpd on the week.

Most US refiners whose plants are in the path of Tropical Storm Barry took steps on Friday to continue operating the refineries. Exxon Mobil Corp plans to run its 502,500 bpd Baton Rouge, Louisiana refinery through Barry's expected slow move across the state this weekend. Royal Dutch Shell's refineries in Norco and Convent, Louisiana, also plan to remain in operation with essential personnel. Also, PBF Energy Inc's Chalmette and Valero Energy Corp's Meraux refineries both in Louisiana were expected to remain open through the storm.

**Early Market Call - as of 8:25 AM EDT**

WTI - Aug \$60.34, up 13 cents

RBOB - Aug \$1.9487, down 2.83 cents

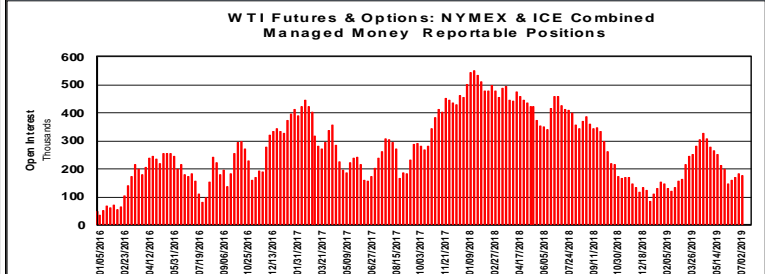
HO - Aug \$1.9738, down 59 points

## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Aug-19	1.9801	0.0015	0.0751
Sep-19	1.9867	0.0012	0.0756
Oct-19	1.9932	0.0011	0.0754
Nov-19	1.9985	0.0007	0.0749
Dec-19	2.0004	-0.0001	0.0729
Jan-20	2.0006	-0.0005	0.0714
Feb-20	1.9952	-0.0008	0.0703
Mar-20	1.9859	-0.0011	0.0693
Apr-20	1.9715	-0.002	0.0685
May-20	1.961	-0.0025	0.0669
Jun-20	1.9541	-0.0028	0.0653
Jul-20	1.9536	-0.003	0.0643
Aug-20	1.9545	-0.0032	0.0636
Sep-20	1.9563	-0.0034	0.063
Oct-20	1.9573	-0.0035	0.0628
Nov-20	1.9576	-0.0033	0.0623
Dec-20	1.9562	-0.0032	0.0619

## Sprague HeatCurve Oct 2019-Apr 2020 \$1.9939

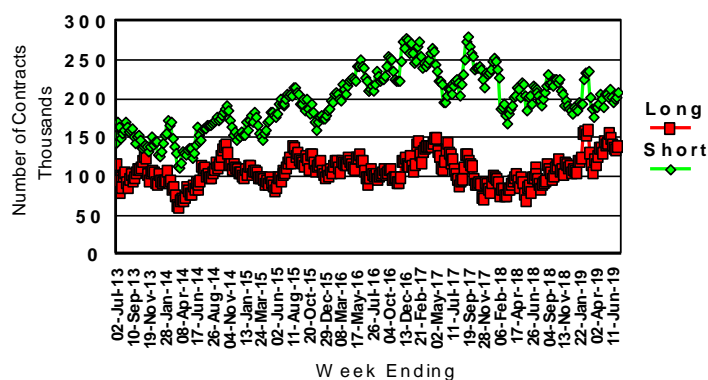
Other Front Month NYMEX	Close	Change
Crude - WTI	\$60.3000	\$0.0200
Crude - Brent	\$66.7200	\$0.2000
Natural Gas	\$2.4530	\$0.0370
Gasoline	\$1.9770	-\$0.0125



## Commitment of Traders Report for the Week Ending July 9, 2019

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

