

Market Commentary

Recap: After posting early gains on increased tensions in the Middle East, crude oil futures experienced considerable losses, as prices broke through key technical support levels. Prices had been trading higher early Thursday, after Iran's Revolutionary Guard said it seized a foreign oil tanker, which it claims was smuggling 1 million liters of fuel near the island of Larak in the Persian Gulf on Sunday. The failure of August WTI to break above \$57.73, the 50-day moving average combined with weakness in U.S. equities markets led to a sell-off below \$57.00, where sell stops were triggered. August WTI fell \$2.06, or 3.6%, to trade at \$54.72 a barrel after rising to a high of \$57.32. September Brent slipped \$2.37, or 3.7%, to \$61.29 a barrel, after peaking the session at \$64.46. August WTI staged a comeback during the settlement period, finishing the session at \$55.30 a barrel, down \$1.48, or 2.61%, while September Brent also pared losses to settle at \$61.93 a barrel, down \$1.73, or 2.72%. Both WTI and Brent traded below settlement later the session. August RBOB fell 4.5 cents, or 2.4%, to \$1.8342 a gallon and August heating oil lost 3 cents, or 1.6%, to \$1.8625 a gallon.

Technical Analysis: Thursday's retest back at \$57.08, the 38% retracement provided by the June low of \$50.80 and the April high of \$67.23, followed by a retreat indicates that sellers are in control of this market at the moment, however they will have to contend with support at the \$55.00 level. A break below \$55.00 opens up the opportunity for a run at \$54.30. Below this level, additional support can be found at \$53.44. Resistance is set at \$56.70 and above that at \$57.59.

Fundamental News: The IEA is reducing its 2019 oil demand forecast due to a slowing global economy amid a US-China trade dispute. The IEA's executive director, Fatih Birol, said it is revising its 2019 global oil demand growth forecast to 1.1 million bpd and may cut it again if the global economy and especially China shows further weakness. Last year, the IEA predicted that 2019 oil demand would increase by 1.5 million bpd but had cut the growth forecast to 1.2 million bpd in June this year. US oil output is expected to grow by 1.8 million bpd in 2019, down from a 2.2 million bpd increase recorded in 2018.

ExxonMobil Corp said production was shut down for a second day at its 220,000 bpd Hibernia oil platform as crews worked to clean up an oil spill into the ocean. The company could not say how long production would be shut in.

According to the Joint Organizations Data Initiative, Saudi Arabia's crude oil exports in May fell to 6.94 million bpd from 7.18 million bpd in April.

Iran's Revolutionary Guards seized a foreign tanker smuggling fuel in the Gulf. It said a foreign vessel smuggling one million liters of fuel in the Larak Island of the Persian Gulf was seized. In response, a US official said "the US will continue to work with our allies and partners to safeguard global commerce and support freedom of navigation." Separately, a US State Department spokesman said Iran must immediately release a vessel it seized in the Gulf and its crew. Meanwhile, Britain urged Iran to ease tensions in the Gulf on Thursday.

Iran's President, Hassan Rouhani, said in a telephone call with his French counterpart, Emmanuel Macron, that Iran is determined to "leave all doors open" to save its 2015 nuclear deal with major powers.

German Foreign Minister, Heiko Maas, said Germany and other countries that remain party to the 2015 Iran nuclear deal expect Iran to uphold its side of the agreement.

Russia's Foreign Minister, Sergei Lavrov, urged Europe on Thursday to be clearer in its position on the Iran nuclear deal that the US quit last year. He also stated that Russia had increasing concerns that the US was backing away from nuclear arms control treaties.

Early Market Call - as of 8:05 AM EDT

WTI - Aug \$56.04, up 73 cents

RBOB - Aug \$1.8525, up 1.88 cents

HO - Aug \$1.8874, up 2.50 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-19	1.8625	-0.0301	-0.1161
Sep-19	1.8699	-0.031	-0.1156
Oct-19	1.8764	-0.0319	-0.1157
Nov-19	1.8812	-0.0321	-0.1166
Dec-19	1.8832	-0.0319	-0.1173
Jan-20	1.8839	-0.0316	-0.1172
Feb-20	1.8798	-0.0314	-0.1162
Mar-20	1.8713	-0.0312	-0.1157
Apr-20	1.8584	-0.0306	-0.1151
May-20	1.8496	-0.0297	-0.1139
Jun-20	1.8438	-0.029	-0.1131
Jul-20	1.8443	-0.0286	-0.1123
Aug-20	1.8462	-0.0281	-0.1115
Sep-20	1.8487	-0.0276	-0.111
Oct-20	1.8507	-0.0273	-0.1101
Nov-20	1.852	-0.0271	-0.1089
Dec-20	1.8512	-0.027	-0.1082

Sprague HeatCurve Oct 2019-Apr 2020

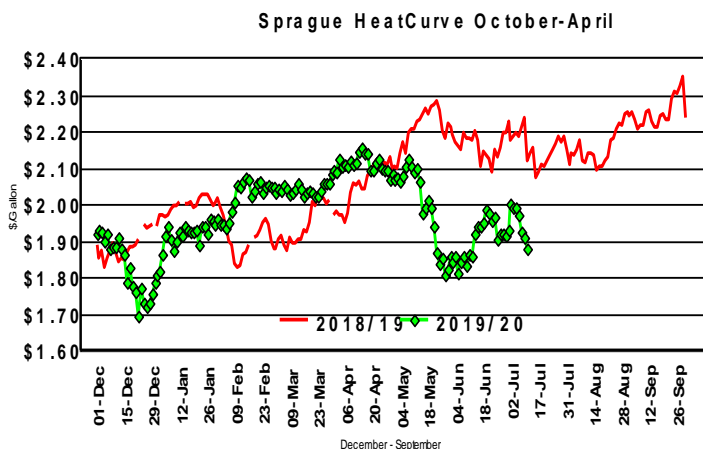
\$1.8780

Other Front Month NYMEX		Close	Change
Crude - WTI	Sep Brent-	\$55.4200	-\$1.5000
Crude - Brent	WTI Spread	\$61.9300	-\$1.7300
Natural Gas	\$6.51	\$2.2870	-\$0.0170
Gasoline		\$1.8342	-\$0.0445

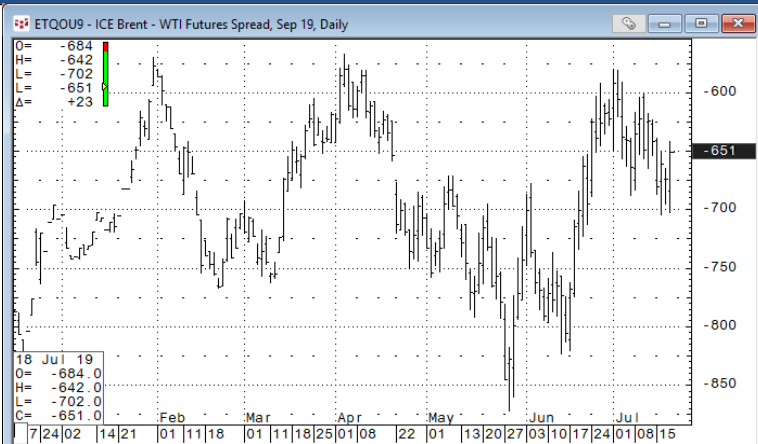
EIA Working Gas Storage Report

	12-Jul-19	05-Jul-19	Change	Year Ago
East	561	544	17	503
Midwest	627	597	30	498
Mountain	147	140	7	144
Pacific	268	263	5	259
South Central	929	927	2	839
Salt	246	257	-11	232
Nonsalt	683	669	14	607
Total	2,533	2,471	62	2,242

Sprague HeatCurve October-April



ICE September Brent-WTI Spread



CGI Inc. © 2019 All rights reserved worldwide. <http://www.cqi.com>

Thu Jul 18 2019 15:08:34, CGI 18.12.8063