

Market Commentary

Recap: Oil prices wavered between gains and losses on Tuesday, as the market weighed concerns over global economic growth against declining production and geopolitical tensions. Worries about the escalating tensions between the US and Iran provided some support to the market. This week, Iran began enriching uranium over its limits stipulated in the 2015 nuclear accord and warned it would take further steps if US economic sanctions continue. The European Union urged Iran to reverse its increased uranium enrichment. Meanwhile, Russia's oil production fell to a three-year low in early July. The market posted a low of \$57.29 in overnight trading before it traded to a high of \$58.19 in early morning trading. The market later erased some of its gains and settled in a sideways trading pattern. The market would have posted an inside trading day had it held support at its previous low of \$57.30, as traders positioned themselves ahead of the release of the weekly petroleum stock reports. The August WTI contract settled up 17 cents at \$57.83, while the September Brent contract settled up 5 cents at \$64.16. The product markets ended the session in positive territory, with the heating oil market settling up 1.53 cents at \$1.9106 and the RBOB market settling up 2.56 cents at \$1.9269.

Technical Analysis: On Wednesday, the crude market, which continues to trade in its sideways pattern, will be driven by the weekly petroleum stock reports, which are expected to show draws in crude stocks of over 3 million barrels on the week. The market is seen finding resistance at its highs of \$58.19, \$58.46, \$59.43 and \$60.28. Meanwhile, support is seen at \$57.29, \$56.29 and \$56.04.

Fundamental News: According to a Platts survey, OPEC produced a total of 30.09 million bpd in June, unchanged on the month. The 11 OPEC members bound by output quotas remain over-compliant with their committed cuts, but only by 40,000 bpd for a compliance rate of 104.6%, down from May's 117%.

In its Short-Term Energy Outlook, the EIA stated that global petroleum demand in 2019 is expected to increase by 1.07 million bpd to 101 million bpd and by 1.4 million bpd to 102.4 million bpd in 2020. Total OPEC production is expected to fall by 1.77 million bpd to 30.19 million bpd in 2019 and by 460,000 bpd to 29.73 million bpd in 2020. The EIA estimates that US oil demand will increase by 250,000 bpd to 20.7 million bpd in 2019 and by 210,000 bpd to 20.91 million bpd in 2020. Gasoline demand is expected to remain unchanged at 9.32 million bpd in 2019 and increase by 20,000 bpd to 9.34 million bpd in 2020, while distillate demand is expected to remain unchanged at 4.13 million bpd in 2019 and increase by 40,000 bpd to 4.17 million bpd in 2020. US oil production is expected to increase by 1.4 million bpd to 12.36 million bpd in 2019 and by 900,000 bpd to 13.26 million bpd in 2020. In regards to prices, the EIA forecast Brent crude oil prices will average \$67/barrel in the second half of 2019 and remain at that level in 2020. It expected WTI prices to average \$62/barrel in the second half of 2019 and \$63/barrel in 2020. The EIA expects regular gasoline retail prices to average \$2.65/gallon in 2019 and \$2.76/gallon in 2020.

Russia's Rosneft said its oil production fell due to a decision by Transneft to reduce its intake of oil due to a contaminated oil issue. Transneft cut its oil intake from Yuganskneftegaz, the main upstream unit of Rosneft. Oil output at Yuganskneftegaz in West Siberia fell by 30% during July 1-8 compared with the June average. Industry sources stated that Russia's oil output fell to 10.79 million bpd in early July, close to a three-year low.

The Foreign Ministers of Germany, France, Britain and the European Union said that they were concerned about Iran increasing its uranium enrichment. The European Union urged Iran not to take further measures that undermine the nuclear agreement and to reverse all activities that are inconsistent with the Joint Comprehensive Plan of Action.

Early Market Call - as of 8:15 AM EDT

WTI - Aug \$59.17, up \$1.33

RBOB - Aug \$1.9675, up 4.03 cents

HO - Aug \$1.9603, up 4.99 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-19	1.9106	0.0153	0.0243
Sep-19	1.9174	0.0151	0.0239
Oct-19	1.9241	0.0144	0.0237
Nov-19	1.9302	0.0138	0.0239
Dec-19	1.9335	0.013	0.0237
Jan-20	1.9349	0.0125	0.0237
Feb-20	1.931	0.0121	0.0245
Mar-20	1.9235	0.0118	0.0257
Apr-20	1.9113	0.012	0.0271
May-20	1.9035	0.0122	0.0282
Jun-20	1.8986	0.0123	0.0281
Jul-20	1.8995	0.0126	0.0285
Aug-20	1.9014	0.0128	0.0285
Sep-20	1.9042	0.013	0.0286
Oct-20	1.9062	0.0132	0.029
Nov-20	1.9071	0.0133	0.0286
Dec-20	1.9064	0.0135	0.0285

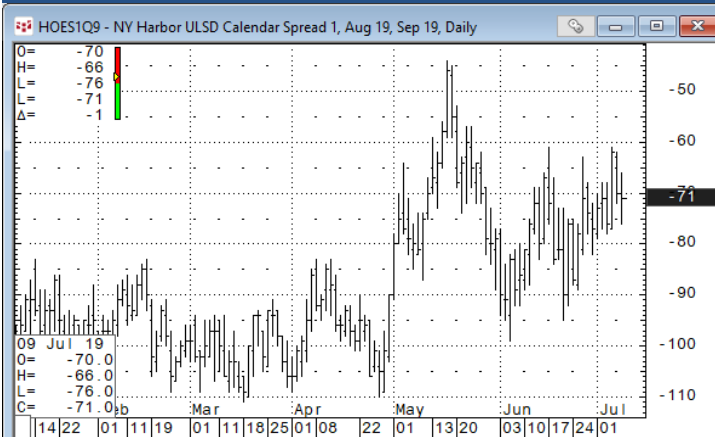
Sprague HeatCurve Oct 2019-Apr 2020 \$1.9288

Other Front Month NYMEX		Close	Change
Crude - WTI	Sep Brent-	\$57.9400	\$0.1800
Crude - Brent	WTI Spread	\$64.1600	\$0.0500
Natural Gas	\$6.22	\$2.4250	\$0.0220
Gasoline		\$1.9269	\$0.0256

API Weekly Report for the Week Ending July 5, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 8.1 million barrels	Down 3.1/4.2 million barrels
Cushing, OK Crude Stocks	Down 754,000 barrels	
Gasoline Stocks	Down 257,000 barrels	Down 1.2 million barrels
Distillate Stocks	Up 3.7 million barrels	Up 700,000/1.4 million barrels
Refinery Runs	Up 8,000 bpd	Up 0.5%, at 94.6%

NYMEX Heating Oil Aug-Sep Spread



NYMEX RBOB Aug-Sep Spread

