

Market Commentary

Recap: Oil prices rose on Wednesday in light of the weekly stock reports showing larger than expected draws in crude stocks and reports of major US producers evacuating and shutting in operations in the Gulf of Mexico ahead of a storm. The crude market opened sharply higher, up 57 cents at \$58.40 following Tuesday's API report, which showed a larger than expected draw in crude stocks of 8.1 million barrels. The market continued to trend higher on Wednesday after the EIA also reported a larger than expected draw in crude stocks of 9.5 million barrels. It was the fourth consecutive week of draws in crude stocks following several weeks of builds. The market was also supported by the news that oil majors were shutting in output in the Gulf after weather forecasts warned that a tropical disturbance could become a hurricane by Friday. The oil market was further supported by the strength in the stock market, as Federal Reserve Chairman, Jerome Powell set the stage for the central bank to cut interest rates. The market extended its gains to \$2.70 as it rallied to a high of \$60.53 ahead of the close. The August WTI contract settled up \$2.60 at \$60.43, while the September Brent contract settled up \$2.85 at \$67.01. The product markets also ended the session sharply higher, with the heating oil market settling up 8.04 cents at \$1.9910 and the RBOB market settling up 7.83 cents at \$2.0052.

Technical Analysis: The oil market, which breached its recent trading range, will likely erase some of its gains before it continues to trend higher. The market will remain supported by any news of further output shut ins ahead of the storm in the Gulf of Mexico. The market is seen testing its resistance at its high of \$60.53 followed by \$61.48 and \$63.08. Meanwhile, support is seen at \$58.35, \$57.29, \$56.29 and \$56.04.

Fundamental News: Major oil producers shut in production and withdrew staff from offshore platforms in the US Gulf of Mexico, as a storm threatened oil-producing areas. Anadarko Petroleum Corp said it is stopping production and removing all workers from four central Gulf facilities, the Constitution, Heidelberg, Holstein and Marco Polo platforms. It is also evacuating nonessential staff from its eastern Gulf platforms. Chevron Corp, Royal Dutch Shell Plc, BP Plc and BHP Group were removing staff from 15 offshore energy platforms. Exxon Mobil Corp was closely watching the situation to determine whether its facilities may be impacted. The US Bureau of Safety and Environmental Enforcement said oil companies have cut oil output in the Gulf by 32% or about 603,000 bpd ahead of the storm.

Iraq's Oil Minister, Thamer Ghadban, said an agreement between OPEC and its allies to extend oil output cuts until the end of March 2020 will lower inventories, help stabilize the market and address price volatility. When asked about OPEC's position on prices, he said the general view was that \$70/barrel or higher was acceptable, adding that the producer group sought prices that were fair to consumers and producers.

The US used an emergency meeting of the UN's IAEA's board on Wednesday to increase pressure on Iran over breaches of its nuclear agreement. The US said Iran's breaches of its nuclear deal are an attempt at extortion, warning Iran that it is isolating itself. The US however said it is open to talks with Iran. Iran's President, Hassan Rouhani, said that Iran's measures were within the framework of the deal, rejecting a warning by European parties to the pact to continue its full compliance.

IIR Energy reported that US oil refiners are expected to shut in 88,000 bpd of capacity in the week ending July 12th, increasing available refining capacity by 100,000 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 \$60.60, up 17 cents

RBOB - Aug \$2.0090, up 38 points

HO - Aug \$2.0020, up 1.13 cents

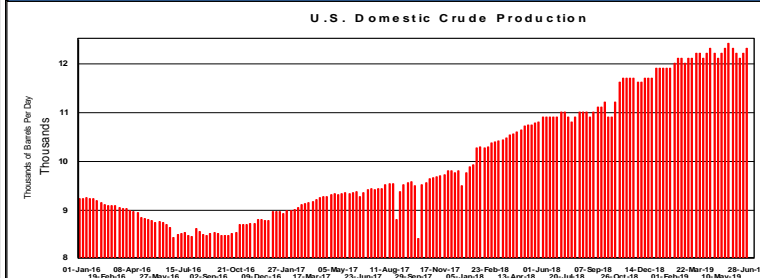
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-19	1.991	0.0804	0.0923
Sep-19	1.9978	0.0804	0.0915
Oct-19	2.0039	0.0798	0.0898
Nov-19	2.0091	0.0789	0.0886
Dec-19	2.0113	0.0778	0.0873
Jan-20	2.0115	0.0766	0.086
Feb-20	2.0063	0.0753	0.0855
Mar-20	1.9972	0.0737	0.0849
Apr-20	1.9836	0.0723	0.0847
May-20	1.9737	0.0702	0.0837
Jun-20	1.9671	0.0685	0.0822
Jul-20	1.9668	0.0673	0.0812
Aug-20	1.9679	0.0665	0.0802
Sep-20	1.9699	0.0657	0.0792
Oct-20	1.9711	0.0649	0.0785
Nov-20	1.9714	0.0643	0.0775
Dec-20	1.9699	0.0635	0.0765

Sprague HeatCurve Oct 2019-Apr 2020

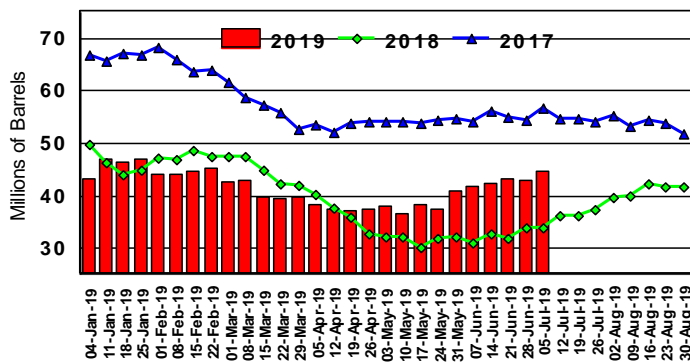
\$2.0050

Other Front Month NYMEX		Close	Change
Crude - WTI	Sep Brent-	\$60.5200	\$2.5800
Crude - Brent	WTI Spread	\$67.0100	\$2.8500
Natural Gas	\$6.49	\$2.4440	\$0.0190
Gasoline		\$2.0052	\$0.0783



Weekly EIA Petroleum Status Report for the Week Ending July 5, 2019

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 9.499 million barrels

Cushing, OK Crude Stocks Down 310,000 barrels

Gasoline Stocks Down 1.455 million barrels

Distillate Stocks Up 3.729 million barrels

Refinery % Operated 94.7%, up 0.5%

PADD #1

Distillate Stocks (in million bbls)	Week Ending July 5, 2019	Week Ending June 28, 2019	Week Ending July 6, 2018
New England	6.0	5.6	5.3
Central Atlantic	24.8	24.9	17.4
Total PADD #1	44.4	42.8	33.8
Distillate Imports (thousands b/d)	77	81	54