

Market Commentary

Recap: Oil prices firmed in early trading in what was choppy market conditions on Monday, as Saudi Arabia and Russia had yet to agree on extending an output curbing deal and as trade tensions between the U.S. and China continued to raise demand concerns. Within the first 5 minutes of trading, July WTI shot up 85 cents, to a session high of \$54.85 a barrel but slipped into a sell-off that accelerated in pre-settlement trade, with this spot contract falling 1.6% to a fresh session low of \$53.09. August Brent, which peaked the session at \$64.13, a gain of 94 cents, slid to a session low of \$62.09 a barrel, down \$1.29. July WTI fell 73 cents, or 1.4%, to settle at \$53.26 a barrel, while August Brent fell \$1, or 1.6%, to \$62.29 a barrel. July RBOB was off by nearly a penny, or 0.5%, to \$1.730 a gallon, while July heating oil lost 1.9 cents, or 1%, to \$1.806 a gallon.

Technical Analysis: Oil prices continue to struggle to the upside, with July WTI failing to recapture the \$55.00 level. With this spot contract retreating off the session high and rebounding as it did, we would look for a bit of sideways trading activity before a higher move to ensue. With last week's strong comeback being a bullish sign, we would look for continued bottom picking, with a break above the \$55.00 level enticing more buying. Resistance sits at \$55.17, the current 10-day moving average and above that at \$58.17. Support is set at \$50.00 and below that at \$48.40.

Fundamental News: Russia's Energy Minister, Alexander Novak, said he could not rule out a scenario in which oil prices could fall to \$30/barrel if the global oil deal was not extended. He said there were big risks of oversupply on the market and that Russia needed to monitor the oil market more in order to be able to take a balanced decision in July. Saudi Arabia's Energy Minister, Khalid Al-Falih, who was in Moscow for talks with his Russian counterpart, said steps were being taken to prevent a sharp decline in oil prices. He said Russia was the only oil exporter still undecided on the need to extend an output deal between OPEC and its allies until the end of the year.

Russia's Deputy Energy Minister, Pavel Sorokin, said the countries that signed a global pact on oil production cuts will reach a consolidated decision on what will happen when the existing pact expires at the end of June. He said that in any event, cooperation will continue between members of the existing pact. He said a decision on the future of the deal would be made based on whether the global oil market is balanced. He said the situation on the market should be clearer by the time of a G20 meeting scheduled to take place in Osaka at the end of June.

Russia's Finance Minister, Anton Siluanov, said that oil prices could fall below \$40/barrel if OPEC and their allies do not extend their global output cut deal.

US President, Donald Trump, said the US has signed another portion of an immigration and security deal with Mexico that would need to be ratified by Mexican lawmakers. He did not provide details but threatened tariffs if Mexico's Congress did not approve the plan. Last month, President Trump threatened 5% tariffs on Mexican goods and the duties would increase every month until they reached 25% in October, unless Mexico stopped illegal immigration across its border to the US. On Friday, the tariffs were called off, after the US and Mexico announced an agreement on immigration.

The chief of UN's IAEA, Yukiya Amano, said he was worried about rising tensions over Iran's nuclear program and called for de-escalation through talks, departing from his usual guarded language on the country.

IIR Energy said US oil refiners are expected to shut in 343,000 bpd of capacity in the week ending June 14th, increasing available refining capacity by 280,000 bpd from the previous week. Offline capacity is expected to fall to 267,000 bpd in the week ending June 21st.

Early Market Call - as of 8:45 AM EDT

WTI - July \$53.97, up 71 cents

RBOB - July \$1.7517, up 2.09 cents

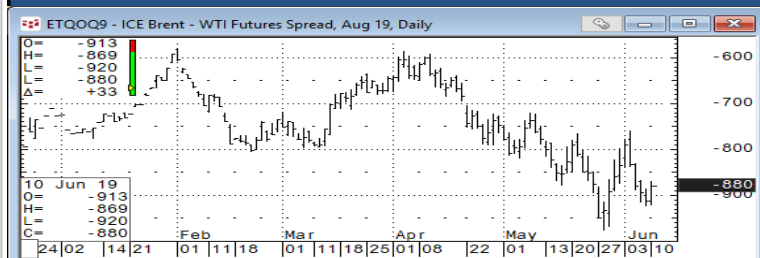
HO - July \$1.8213, up 1.45 cents

All NYMEX | Prior Settlements

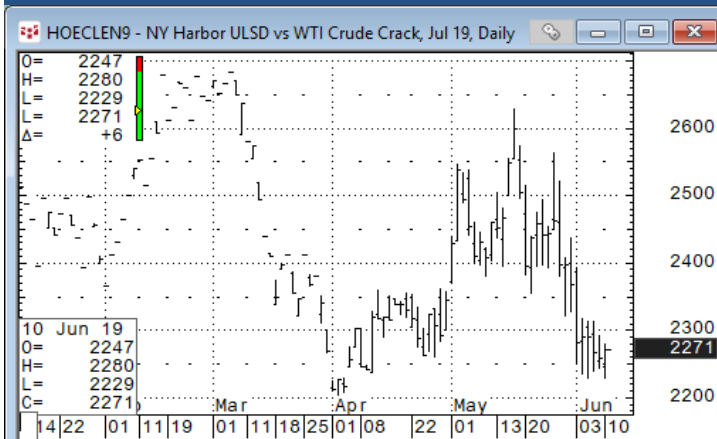
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-19	1.8063	-0.0185	-0.0002
Aug-19	1.8129	-0.0187	0.0016
Sep-19	1.8212	-0.0192	0.0007
Oct-19	1.8308	-0.0194	0.0009
Nov-19	1.8392	-0.0193	0.0018
Dec-19	1.8448	-0.0186	0.0028
Jan-20	1.8487	-0.0181	0.0034
Feb-20	1.8466	-0.0175	0.0029
Mar-20	1.8402	-0.0164	0.0029
Apr-20	1.8285	-0.0152	0.0027
May-20	1.8211	-0.014	0.0021
Jun-20	1.8168	-0.0136	0.0014
Jul-20	1.8196	-0.0122	0.0026
Aug-20	1.8234	-0.0111	0.0033
Sep-20	1.8275	-0.0102	0.0031
Oct-20	1.8304	-0.0091	0.0027
Nov-20	1.8326	-0.0088	0.0028

Sprague HeatCurve Oct 2019-Apr 2020		\$1.8422
Other Front Month NYMEX		Close
Crude - WTI	Aug Brent-	\$53.4800
Crude - Brent	WTI Spread	\$62.2900
Natural Gas	\$8.81	\$2.3570
Gasoline		\$1.7303
		Change
		-\$0.6800
		-\$1.0000
		\$0.0200
		-\$0.0086

ICE August Brent-WTI Spread



July Heating Oil Crack Spread



July RBOB Crack Spread

