

## Market Commentary

**Recap:** Oil prices received an early morning jolt after U.S. President Donald Trump warned Iran against attacking “anything American” and as traders awaited the release of U.S. data which is expected to show a decline in crude oil stockpiles. August WTI rose 48 cents, or 0.8%, to a high of \$58.38 a barrel by 10:00 a.m. EST, while August Brent added 67 cents, or 1% to top the session at \$65.53 a barrel. Despite the heavy rhetoric between the U.S. and Iran, WTI pulled back slightly, severing early gains. August WTI settled at \$57.83 a barrel, down 7 cents, or 0.12%, while August Brent finished up 19 cents, or 0.29%, to settle at \$65.05 a barrel. Prices reversed to the upside in post settlement trading after the API reported a 7.5 million barrel draw in U.S. crude oil stocks. August WTI rose to a fresh session high of \$58.84 a barrel, while August Brent traded at \$65.98 a barrel. July RBOB added 1.2% to \$1.877 a gallon, for the highest front-month contract settlement since May 30. July heating oil also inched up by 0.8% to \$1.923 a gallon.

**Technical Analysis:** August WTI held above \$57.72, the 50-day exponentially smoothed average (EMA), while holding below \$57.95, the 200-day EMA. The current trend remains to the upside, with August WTI looking to move toward the \$59.00 level. A settlement above the 200-day EMA will most likely spark a fresh round of technical buying. Resistance remains at \$58.00, with additional resistance set at \$59.00. Support is set at \$56.60 and \$55.81, the 10-day EMA.

**Fundamental News:** Iran’s Foreign Minister, Mohammad Javad Zarif, said that US sanctions imposed on Supreme Leader Ayatollah Ali Khamenei and other top officials in the country permanently closed the path to diplomacy between Iran and the US. Meanwhile, Iran’s Economy Minister, Farhad Dejjpasand, said the government has plans to protect the country against US economic pressure. This is after US President Donald Trump targeted Iran’s Supreme Leader Ayatollah Ali Khamenei and other top Iranian officials with sanctions on Monday.

The Secretary of the Supreme National Security Council, Ali Shamkhani, said Iran will take new steps to reduce its commitments under its nuclear deal with world powers on July 7<sup>th</sup>. He said European signatories to the nuclear deal had not done enough to save it.

France’s Foreign Minister, Jean-Yves Le Drian, warned Iran on Tuesday that a violation of its nuclear commitments to the 2015 nuclear deal would be a serious mistake and that France, Britain and Germany were making it clear to Iran that it was not in its interest to do so.

Britain’s Foreign Secretary, Jeremy Hunt, said the country does not expect the US to request that the UK join a war with Iran and added that Britain would be unlikely to agree to join such a conflict. However, he stated that Iran must comply with the nuclear deal.

The Secretary of Russia’s Security Council, Nikolai Patrushev, said Russia has military intelligence that shows that a US drone was in Iranian air space when it was shot down by Iran last week. He said any attempts to present Iran as a threat to international security are unacceptable. He called for restraint on Iran. Meanwhile, Russia’s Foreign Minister, Sergei Lavrov, said the situation around Iran was developing toward a dangerous scenario.

Saudi Aramco’s chief executive, Amin Nasser, said the company is concerned about recent actions in the Gulf but added that it can meet its customers’ needs thanks to its experience and the availability of additional spare capacity.

A refined products supply gap on the US East Coast due to the fire at Philadelphia Energy Solutions’ 335,000 bpd refining complex last week will be filled by shipments from the Gulf Coast region and Europe. The destruction of its alkylation unit and damage from the fire could force the 200,000 bpd Girard Point section of the complex to remain shut for an extended period. PES has since declared a force majeure on some gasoline deliveries.

**Early Market Call - as of 8:50 AM EDT**

WTI - Aug \$58.98, up \$1.15

RBOB - July \$1.9269, up 4.92 cents

HO - July \$1.9485, up 2.69 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-19	1.9234	0.0145	0.0956
Aug-19	1.9309	0.0147	0.0963
Sep-19	1.9388	0.0142	0.096
Oct-19	1.9457	0.0136	0.094
Nov-19	1.9517	0.0131	0.0925
Dec-19	1.9556	0.0122	0.0909
Jan-20	1.9571	0.0115	0.0886
Feb-20	1.9527	0.0109	0.0866
Mar-20	1.9444	0.0106	0.0849
Apr-20	1.9306	0.0105	0.083
May-20	1.9211	0.0106	0.0812
Jun-20	1.9157	0.0108	0.0798
Jul-20	1.9165	0.011	0.0785
Aug-20	1.9184	0.0113	0.0773
Sep-20	1.9206	0.0114	0.076
Oct-20	1.9219	0.0117	0.0746
Nov-20	1.9232	0.0116	0.0735

Sprague HeatCurve Oct 2019-Apr 2020		\$1.9503
Other Front Month NYMEX	Close	Change
Crude - WTI	\$57.8300	-\$0.0700
Crude - Brent	\$65.0500	\$0.1900
Natural Gas	\$2.3080	\$0.0050
Gasoline	\$1.8772	\$0.0223

## API Weekly Report for the Week Ending June 21, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 7.5 million barrels	Down 2.8 million barrels
Cushing, OK Crude Stocks	Down 1.3 barrels	
Gasoline Stocks	Down 3.2 million barrels	Up 300,000 barrels
Distillate Stocks	Up 155,000 barrels	Up 500,000 barrels
Refinery Runs	Down 7,000 bpd	Up 0.4%

## NYMEX Heating Oil July-August Spread



## NYMEX RBOB July-August Spread

