

Market Commentary

Recap: Oil prices fell sharply on Wednesday, after the EIA report reflected a 2.2 million barrel build in U.S. crude inventories. Analysts were expecting a decrease of 481,000 barrels. Today's report put U.S. crude oil inventories at their highest level since July of 2017 and about 8% above the five-year average for this time of year. After reacting negatively to the inventory report, both Brent and WTI slipped into a 3 hour period of sideways trading before slipping to the downside once again. In post-settlement trading, August Brent broke out of its mid-day range of \$60.82 and \$61.13 and fell to a fresh session low of \$59.57, a loss of 4.3%. July WTI broke out of its mid-day range of \$51.61 to \$51.91, to a fresh low of \$50.72. August Brent settled at \$59.97 a barrel, down \$2.32, or 3.72%, while July WTI fell \$2.13, or 4%, to settle at \$51.14 a barrel. Both contracts settle at nearly 5-month lows. July RBOB fell 4% to \$1.686 a gallon, while July heating oil shed 2.3% to \$1.780 a gallon.

Technical Analysis: Moving oscillators for WTI crossed to the downside in deep over sold territory, a strong indication of underlying weakness. Despite Wednesday's lower move, we would not jump on the bear bandwagon until we get a break and retest of the \$50.00 level, as this level has proven to be an area of strong support. Below \$50.00, additional support is set at \$48.40 and \$47.50. The 10-day moving average, which is currently set at \$53.27, has proven to be a strong area of resistance. Above this level, additional resistance is set at \$55.00.

Fundamental News: Goldman Sachs stated that an uncertain macroeconomic outlook and volatile oil production from Iran and others could lead OPEC to roll over supply cuts. It expects core OPEC to continue to balance the market on a monthly basis. The bank also forecast third quarter Brent crude at \$65.50/barrel given the upcoming de-bottlenecking of the Permian Basin. It maintained its forecast for 2-year forward WTI prices at \$50/barrel.

Libya's National Oil Corp said production at Libya's Sarir oil field fell due to a fire at the field's power station over the weekend, as well as other technical issues at the site. Compound 1 at the site experienced a fire on Sunday when an electric generator overheated, resulting in production loss of about 30,000 bpd.

Reuters reported that Algeria has suggested the idea of increasing the size of the production cut by OPEC+ producers for the second half of 2019 as it expects global demand to falter. The production pact which is slated to end this month had called for the producers to cut 1.2 million b/d of combined production. Algeria is suggesting increasing the production cutback to 1.8 million b/d. The Reuters source said the results of Trump's meeting with the Chinese president at the upcoming G-20 meeting would be key in determining the group's production policy going forward.

Euroilstock reported that European crude and oil products stocks in May fell by 0.1% on the month and by 0.5% on the year to 1.094 billion barrels. European crude stocks in May increased by 1.3% on the month but fell by 3.5% on the year to 485.6 million barrels, while gasoline stocks fell by 1.1% on the month but increased by 7.7% on the year to 118.58 million barrels and middle distillates stocks fell by 1.7% on the month but increased by 1.7% on the year to 398.4 million barrels.

IIR Energy reported that US oil refiners are expected to shut in 350,000 bpd of capacity in the week ending June 14th, increasing available refining capacity by 273,000 bpd from the previous week. Offline capacity is expected to fall to 238,000 bpd in the week ending June 21st.

Early Market Call - as of 7:45 AM EDT

WTI - July \$52.98, up \$1.84

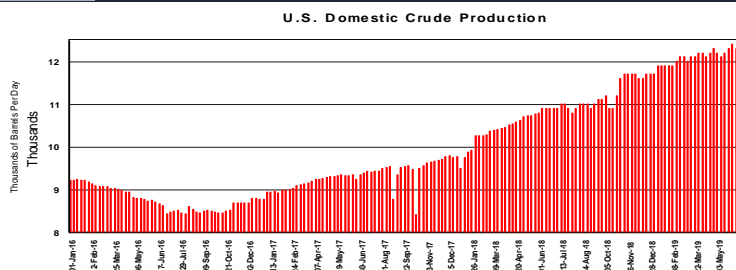
RBOB - July \$1.7213, up 3.54 cents

HO - July \$1.8279, up 4.81 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-19	\$1.7799	-\$0.0422	-\$0.0001
Aug-19	\$1.7870	-\$0.0419	\$0.0018
Sep-19	\$1.7941	-\$0.0425	\$0.0006
Oct-19	\$1.8031	-\$0.0429	\$0.0007
Nov-19	\$1.8109	-\$0.0430	\$0.0015
Dec-19	\$1.8165	-\$0.0426	\$0.0028
Jan-20	\$1.8205	-\$0.0424	\$0.0041
Feb-20	\$1.8188	-\$0.0420	\$0.0054
Mar-20	\$1.8133	-\$0.0413	\$0.0078
Apr-20	\$1.8024	-\$0.0406	\$0.0096
May-20	\$1.7957	-\$0.0400	\$0.0113
Jun-20	\$1.7924	-\$0.0395	\$0.0126
Jul-20	\$1.7956	-\$0.0389	\$0.0147
Aug-20	\$1.7998	-\$0.0384	\$0.0163
Sep-20	\$1.8045	-\$0.0379	\$0.0175
Oct-20	\$1.8077	-\$0.0376	\$0.0181
Nov-20	\$1.8105	-\$0.0372	\$0.0189

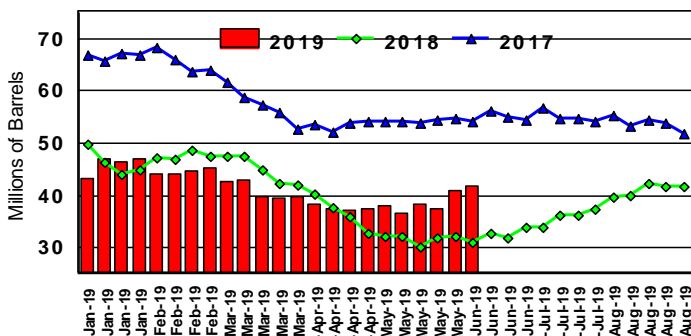
Sprague HeatCurve Oct 2019-Apr 2020		\$1.8144	
Other Front Month NYMEX		Close	Change
Crude - WTI	Aug Brent- WTI Spread	\$51.2800	-\$2.1500
Crude - Brent		\$59.9700	-\$2.3200
Natural Gas	\$8.69	\$2.3860	-\$0.0130
Gasoline		\$1.6861	-\$0.0702



Weekly EIA Petroleum Status Report for the Week Ending June 7, 2019

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 2.206 million barrels

Cushing, OK Crude Stocks Up 2.096 million barrels

Gasoline Stocks Up 764,000 barrels

Distillate Stocks Down 1 million barrels

Refinery % Operated 93.2%, Up 1.4%

PADD #1

Distillate Stocks (in million bbls)	Week Ending June 7, 2019	Week Ending May 31, 2019	Week Ending June 8, 2018
New England	5.1	5.4	4.3
Central Atlantic	23.5	21.5	14.7
Total PADD #1	41.5	40.8	30.8
Distillate Imports (thousands b/d)	58	87	73