

Market Commentary

Recap: Oil prices have been swinging higher and lower depending on shifting sentiment between the US and Iran as well as from the US-China trade negotiations. On Tuesday, the International Monetary Fund cut its forecast for global growth, warning that further U.S.-China tariffs or a disorderly exit for Britain from the European Union could weaken investment and disrupt supply chains. The lack of fresh fundamentals kept prices in a tight range. For most of the session, September WTI hovered around the \$56.00 area while September Brent bounced around \$63.00. With traders focused on this week's API and EIA inventory reports, which are expected to show a 3.4 million barrel decline in U.S. crude oil inventories, prices rebounded to settle higher on the day. September WTI added 55 cents, or 0.98%, to settle at \$56.77 a barrel. September Brent settled at \$63.83 a barrel, up 55 cents, or 0.98%. August RBOB rose 3.3 cents, or 1.8%, to \$1.8605 a gallon, while September heating oil climbed by 2.2 cents, or 1.2%, at \$1.9217 a gallon.

Technical Analysis: The \$57.00 level has once again proven to be a key area of resistance, as the September contract held below it. A break above this level will most likely trigger buy stops which may have the potential of pushing this spot contract toward its 200-day moving average currently set at \$57.56. Above this level, additional resistance is set at \$57.87. Support is set at \$55.75 and below that at \$55.00.

Fundamental News: S&P Global Platts said escalating tensions in the Strait of Hormuz has forced Asian refiners and shipowners to weigh alternative crude sources, deploy contingency plans and increase safety measures for navigation near Iran. Nearly 18 million bpd of oil transits from the Middle East to Asia via the Strait of Hormuz.

Russia's Energy Minister, Alexander Novak, said Russia and Belarus are close to agreeing on a transit tariff for Russian oil. Belarus in June proposed raising its transit tariff for Russian oil by 21.7% to compensate it for a major contamination earlier this year. He also stated that Russia hopes there will be high demand for oil in 2020. He said the global oil market is fairly balanced and volatility is not high.

A top adviser to Iran's Supreme Leader Ayatollah Ali Khamenei praised Iran's recent downing of a US drone and the seizing of a British-flagged tanker as turning points in "Muslims' struggle."

The head of Iran's navy, Rear Admiral Hossein Khanzadi, said Iran observes all US ships in the Gulf region and has an archive of images of their daily movements.

Saudi Arabia said that Iran's interception of commercial vessels, including its seizure of a British tanker, in Gulf waters was a violation of international law and urged the global community to deter such actions.

The European Union's foreign policy service said Britain, France, Germany, Russia and China will meet in Vienna on July 28th to discuss how to save the 2015 nuclear agreement.

South Korea's Korea National Oil Corp said the country did not import Iranian crude in June, while its total oil imports fell by 12.5% on the year to 85.7 million barrels.

According to China's General Administration of Customs, China's gasoline and diesel exports increased in June, as a domestic fuel oversupply encourages state refiners to sell cargoes abroad. Gasoline shipments reached 1 million tons in June, up from 850,000 tons in May but below the 1.18 million tons in June last year. China's diesel exports totaled 2.07 million tons, up from 1.24 million tons in May and 1.61 million tons a year ago.

Early Market Call - as of 8:15 AM EDT

WTI - Sep \$56.96, up 18 cents

RBOB - Aug \$1.8479, down 1.28 cents

HO - Aug \$1.9246, up 21 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-19	1.9217	0.0222	0.0168
Sep-19	1.9297	0.0224	0.0166
Oct-19	1.9359	0.0219	0.0147
Nov-19	1.94	0.0214	0.0131
Dec-19	1.9414	0.0211	0.0121
Jan-20	1.9418	0.0211	0.012
Feb-20	1.9368	0.0209	0.0113
Mar-20	1.9267	0.0203	0.0098
Apr-20	1.9124	0.0198	0.0088
May-20	1.9028	0.0195	0.0086
Jun-20	1.8966	0.0192	0.0087
Jul-20	1.897	0.0189	0.009
Aug-20	1.8985	0.0183	0.0093
Sep-20	1.9004	0.0176	0.0092
Oct-20	1.9019	0.017	0.009
Nov-20	1.9028	0.0164	0.0091
Dec-20	1.9017	0.0157	0.0092

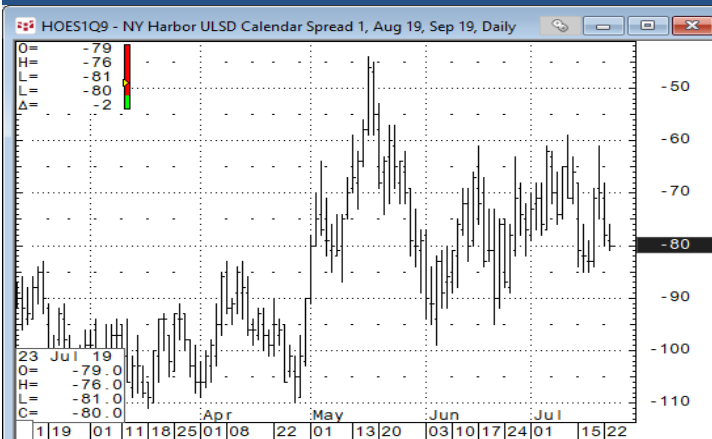
Sprague HeatCurve Oct 2019-Apr 2020 \$1.9352

Other Front Month NYMEX		Close	Change
Crude - WTI	Sep Brent-	\$56.7700	\$0.5500
Crude - Brent	WTI Spread	\$63.8300	\$0.5500
Natural Gas	\$7.06	\$2.3000	-\$0.0120
Gasoline		\$1.8605	\$0.0326

API Weekly Report for the Week Ending July 19, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 11 million barrels	Down 4 million barrels
Cushing, OK Crude Stocks	Down 448,000 barrels	
Gasoline Stocks	Up 4.4 million barrels	Down 700,000 barrels
Distillate Stocks	Up 1.4 million barrels	Up 500,000 barrels
Refinery Runs	Down 396,000 bpd	Up 0.3%, at 94.4%

NYMEX Heating Oil Aug-Sep Spread



NYMEX RBOB Aug-Sep Spread

