

Market Commentary

Recap: Crude oil prices struggled to find momentum on Wednesday despite the 10.8 million barrel draw in U.S. crude oil inventories. Analysts expected a decrease of 4 million barrels. September WTI rose 84 cents, or 1.5%, to a high of \$57.64 a barrel by 10:40 am EST, while September Brent traded at \$64.66 a barrel, up 83 cents, or 1.3%. The aggressive move to the upside was cut short due to the fact that Hurricane Barry attributed to the weekly decline by distorting production and slowing imports. September Brent flipped to trade at a discount to the October contract, the first time since March that the front month spread traded contango, as concern over slowing global economic growth raised fears of weakening demand. Oil prices continued their downward spiral, with September WTI pushing through \$56.00 a barrel to settle at \$55.88, down 89 cents, or 1.57%. September Brent fell 65 cents, or 1.02%, to settle at \$63.18 a barrel. September RBOB lost about half a cent, or 0.3%, to \$1.8551 a gallon, while September heating oil shed 1.3 cents, or 0.7%, to \$1.9087 a gallon.

Technical Analysis: Oil prices failed miserably to the upside, as September WTI was unsuccessful in its attempt to hold above \$57.00. This spot contract blasted through \$56.94 and \$57.58, its current 10 and 200-day moving averages respectively, but failed to gain traction. This sparked a selling frenzy that pushed WTI back below \$56.00. We would look for continued sideways trading between the range of \$57.00 and \$55.00. Resistance remains at the aforementioned moving averages, with support set at \$55.00 and below that at \$54.40.

Fundamental News: The EIA reported that US crude oil stocks fell by nearly 11 million barrels in the week ending July 19th even as refineries cut their output. Crude inventories fell by 10.8 million barrels compared with expectations for a 4 million barrel draw. Production fell sharply to 11.3 million bpd from 12 million bpd a week earlier. Refinery crude runs fell by 233,000 bpd.

Iran's President, Hassan Rouhani, said Iran is ready for "just" negotiations but not if they mean surrender, without saying what talks he had in mind. He seemed to be referring to possible negotiations with the US. He said the Strait of Hormuz is not a place for joking or a place for playing with international regulations. He also stated that if the Americans violate Iranian airspace again with another drone then they will receive the same response. He said Iran's reduction of commitments under the nuclear deal is temporary and can return to the previous situation if other parties uphold their commitments under the deal. If negotiations with remaining signatories of the nuclear deal do not reach a result, Iran will take another step in reducing its commitments under the deal at the end of the 60-day period.

A British source said that Britain has not sent any representatives as mediators to Iran after the semi-official Tasnim news site reported that a mediator had been sent to discuss the freeing of a British-flagged tanker seized by the Islamic Republic.

A Foreign Ministry spokesman said Germany is talking to Britain and France about the idea of a European-led naval mission to ensure safe shipping through the Strait of Hormuz but it is too early to discuss how Berlin might take part.

IIR Energy reported that US oil refiners are expected to shut in 426,000 bpd of capacity in the week ending July 26th, increasing available refining capacity by 328,000 bpd from the previous week. Offline capacity is expected to fall to 269,000 bpd in the week ending August 2nd.

Early Market Call - as of 8:20 AM EDT

WTI - Sep \$56.82, up 94 cents

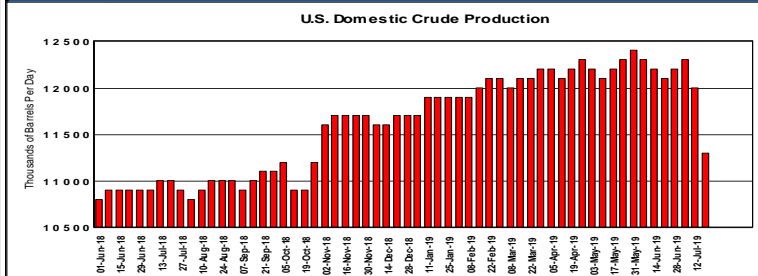
RBOB - Aug \$1.8792, up 2.39 cents

HO - Aug \$1.9256, up 1.72 cents

All NYMEX | Prior Settlements

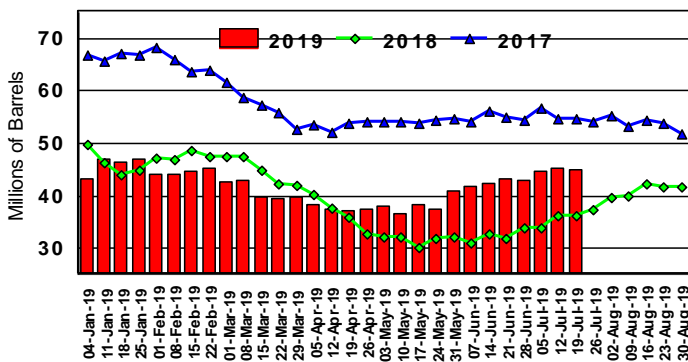
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-19	1.9087	-0.013	0.0161
Sep-19	1.9172	-0.0125	0.0163
Oct-19	1.9236	-0.0123	0.0153
Nov-19	1.9275	-0.0125	0.0142
Dec-19	1.929	-0.0124	0.0139
Jan-20	1.9296	-0.0122	0.0141
Feb-20	1.9247	-0.0121	0.0135
Mar-20	1.9147	-0.012	0.0122
Apr-20	1.9006	-0.0118	0.0116
May-20	1.891	-0.0118	0.0117
Jun-20	1.8848	-0.0118	0.012
Jul-20	1.8853	-0.0117	0.0124
Aug-20	1.8872	-0.0113	0.0129
Sep-20	1.8894	-0.011	0.0131
Oct-20	1.8911	-0.0108	0.0131
Nov-20	1.8923	-0.0105	0.0132
Dec-20	1.8913	-0.0104	0.0131

Sprague HeatCurve Oct 2019-Apr 2020		\$1.9231	
Other Front Month NYMEX		Close	Change
Crude - WTI	Sep Brent- WTI Spread \$7.30	\$55.8800	-\$0.8900
Crude - Brent		\$63.1800	-\$0.6500
Natural Gas		\$2.2200	-\$0.0800
Gasoline		\$1.8551	-\$0.0054



Weekly EIA Petroleum Status Report for the Week Ending July 19, 2019

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 10.835 million barrels

Cushing, OK Crude Stocks Down 429,000 barrels

Gasoline Stocks Down 226,000 barrels

Distillate Stocks Up 613,000 barrels

Refinery % Operated 93.1%, down 1.3%

PADD #1

Distillate Stocks (in million bbls)	Week Ending July 19, 2019	Week Ending July 12, 2019	Week Ending July 20, 2018
New England	6.5	6.4	5.1
Central Atlantic	25.6	25.9	19.2
Total PADD #1	44.7	45.1	36.0
Distillate Imports (thousands b/d)	34	113	121