

Market Commentary

Recap: Oil prices slid on Monday after poor Chinese economic data heightened fears of lower worldwide demand and as traders mulled over last week's decision by the IEA to lower its 2019 forecast for global demand, making it the second straight month the organization has lowered its forecast. OPEC had also cut its forecast for growth in global oil demand. Fears of a global economic slowdown overshadowed increased tensions in the Mid-East after last week's attack on two oil tankers in the Gulf of Oman. July WTI fell as much as 1.7%, to a session low of \$51.58 before paring losses to settle at \$51.98 a barrel, down 58 cents, or 1.10%. Brent for August delivery lost \$1.07, or 1.73%, to settle at 60.94 a barrel. July RBOB fell 2.4% to \$1.691 a gallon, while July heating oil declined by 1.6% to \$1.800 a gallon.

Technical Analysis: July WTI remains below its 10-day moving average, which is currently set at \$52.62. Current technical indicators are calling for a move to the upside. Although we could see a higher move, we do not believe this market will move above \$55.00, barring any major shift in fundamentals of course. We continue to look for bottom picking down around the \$50.00 level, with sellers above \$54.00. Below \$50.00, additional support is set at \$48.40 and below that at \$47.50. Above \$55.00, resistance is set at \$56.60.

Fundamental News: Iran threatened Monday it will quit the nuclear non-proliferation treaty unless European nations move quickly and save the separate 2015 nuclear agreement it had reached with European nations, China and the U.S. In addition Iran said it will exceed agreed upon limits on its inventories of low enriched uranium by June 27th, potentially breaking for the first time the limit established in the 2015 nuclear agreement. The U.S. government accused Iran of "nuclear blackmail".

Genscape reported Monday morning that it estimated crude oil stocks at Cushing to stand at 55,381,784 barrels as of June 14th, up only 27,880 barrels from a week earlier.

Bank of America Merrill Lynch lowered its crude oil price forecast for the second half of 2019 and into 2020 as a result of the escalating trade war dampening the global economic outlook. The bank now sees Brent prices for the second half of 2019 averaging \$63 per barrel down \$5 from its previous forecast. The bank also cut its WTI price forecast for the period to \$56 per barrel but the reduction was only by \$2 per barrel from the prior price call. The bank is looking for 2020 crude oil prices to average \$60 per barrel for Brent and \$54 per barrel for WTI.

Macquarie Bank in a research note to clients said it remained cautiously bullish on crude oil prices through September as it expects 3Q19 stock draws to aggravate an already tight physical market.

The U.S. EIA said in its monthly drilling productivity report that U.S. oil output from the seven major shale formations is expected to rise by about 70,000 b/d in July, setting a new monthly production record of 8.52 million b/d. Much of this increase in shale production is expected to come in the Permian basin where production is expected to grow by 55,000 b/d. However the EIA was revising lower its overall U.S. total crude production estimate to 12.32 million b/d in 2019, some 140,000 b/d less than last month's forecast. The EIA estimated that producers drilled 1,318 oil and gas wells in May, the smallest number since April 2018.

Early Market Call - as of 7:45 AM EDT

WTI - July \$51.84, down 10 cents

RBOB - July \$1.6751, down 1.64 cents

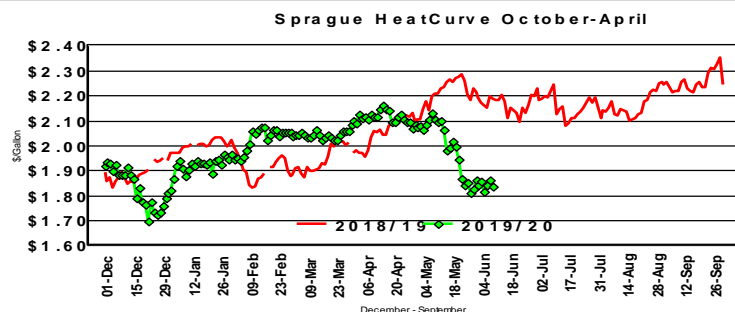
HO - July \$1.7906, down 83 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-19	\$1.7995	-\$0.0299	-\$0.0068
Aug-19	\$1.8065	-\$0.0293	-\$0.0064
Sep-19	\$1.8140	-\$0.0286	-\$0.0072
Oct-19	\$1.8227	-\$0.0277	-\$0.0081
Nov-19	\$1.8304	-\$0.0268	-\$0.0088
Dec-19	\$1.8359	-\$0.0259	-\$0.0089
Jan-20	\$1.8400	-\$0.0251	-\$0.0087
Feb-20	\$1.8379	-\$0.0242	-\$0.0087
Mar-20	\$1.8316	-\$0.0235	-\$0.0086
Apr-20	\$1.8200	-\$0.0228	-\$0.0085
May-20	\$1.8124	-\$0.0224	-\$0.0087
Jun-20	\$1.8082	-\$0.0222	-\$0.0086
Jul-20	\$1.8104	-\$0.0219	-\$0.0092
Aug-20	\$1.8136	-\$0.0216	-\$0.0098
Sep-20	\$1.8174	-\$0.0210	-\$0.0101
Oct-20	\$1.8202	-\$0.0206	-\$0.0102
Nov-20	\$1.8228	-\$0.0202	-\$0.0098

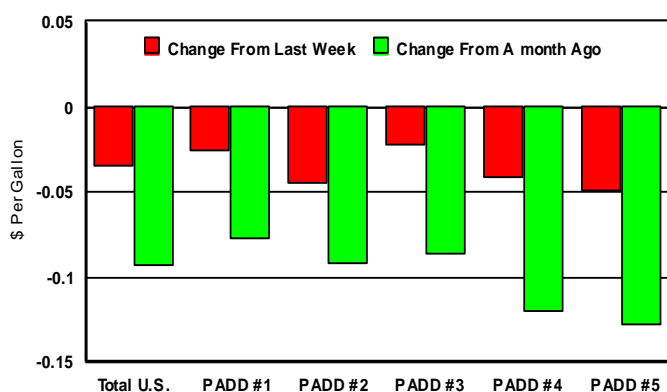
Sprague HeatCurve Oct 2019-Apr 2020 \$1.8335

Other Front Month NYMEX		Close	Change
Crude - WTI	Aug Brent-	\$52.1700	-\$0.6000
Crude - Brent	WTI Spread	\$60.9400	-\$1.0700
Natural Gas	\$8.77	\$2.3860	-\$0.0010
Gasoline		\$1.6908	-\$0.0417



EIA Weekly ULSD & Gasoline Price Update

EIA: Weekly U.S. Retail ULSD Price Change



EIA: Weekly U.S. Retail Regular Gasoline Price Change

