

Market Commentary

Recap: Oil prices rose for the third straight session on Monday as tensions between the U.S. and Iran overshadowed earlier concern over waning demand. August WTI was trading at \$56.75 a barrel by 11:30 am EST, down 68 cents, or 1.1%, but began a slow and steady ascent above \$58.00 a barrel after U.S. President Donald Trump imposed new sanctions against Iran. Brent for August delivery slipped \$1.10 or 1.6%, to a session low of \$64.10 a barrel, before rising toward \$66.00. Prices hovered near the highs of the day, giving back only a small portion of their gains. August WTI settled at \$57.90 a barrel, up 47 cents, or 0.82%, while August Brent added 34 cents, or 0.52%, to settle at \$64.86 a barrel. July RBOB lost less than half a cent, or 0.06%, to \$1.855 a gallon. Futures prices for the fuel marked their highest settlement Friday, at \$1.8561, since late May and logged a weekly rise of 7.1%, boosted in large part by the Friday fire at a major refinery in Philadelphia. July heating oil fell nearly a penny, or 0.4%, at \$1.909 a gallon, after ending 4.7% higher for last week.

Technical Analysis: August WTI appears poised to tackle \$58.00, as it gains support from bullish fundamentals and positive technical indicators. This spot contract is holding close to its 50-day EMA, which is currently set at \$57.70. Although Monday's settlement above this technical indicator is supportive for prices, we would expect a bit of a struggle. Above \$58.00, additional resistance is set at \$59.30. Support is set at \$56.60 and \$55.00.

Fundamental News: The IEA's Executive Director, Fatih Birol said the IEA is very concerned about the impact that tensions in the Middle East may have on global energy security and will act if there is any physical disruption to supplies.

US Special Representative on Iran, Brian Hook, said US President, Donald Trump, is ready to talk to Iran about a deal that would lift American sanctions but Iran would need to curtail its nuclear and missile program, as well as its support for proxies. He is scheduled to travel to Paris for talks with Britain, France and Germany on the Iran nuclear deal. Meanwhile, two European diplomats said Britain, France and Germany have sent an official diplomatic warning to Iran about the serious consequences Iran faces if it scales back its compliance with the 2015 nuclear deal.

US President Donald Trump signed an executive order that would impose fresh sanctions on Iran, amid increased tensions between the two countries. He initially told reporters that the sanctions, which will target Iran's Supreme Leader Ayatollah Ali Khamenei and his office, were in response to Iran's downing of a US drone last week. However, he later said the sanctions would have been imposed regardless of the incident over the drone.

Saudi Arabia's Minister of State for Foreign Affairs warned regional rival Iran there would be more sanctions if it continued its "aggressive policies", but said Saudi Arabia wanted to avoid war.

Russia's Energy Minister, Alexander Novak, said it was too early to say whether a deal between OPEC and non-OPEC producers to cut oil production would be extended into the second half of this year. He said oil demand in the third and fourth quarters of this year was still unclear. The Energy Minister said uncertainty over global oil demand in the second half of the year, including the effect of US sanctions, will have a big impact on whether Russia backs extending a deal on oil output cuts. He said the energy ministry was discussing the future of the deal with Russian energy companies. Russia's Energy Minister also stated that international cooperation on crude production has helped stabilize oil markets and is more important now than ever.

IIR Energy reported that US oil refiners are expected to shut in 464,000 bpd capacity in the week ending June 28th, cutting available refining capacity by 23,000 bpd from the previous week. Offline capacity is expected to fall to 231,000 bpd in the week ending July 5th.

Early Market Call - as of 8:00 AM EDT

WTI - Aug \$57.83, down 7 cents

RBOB - July \$1.8548, down 44 cents

HO - July \$1.9025, down 78 points

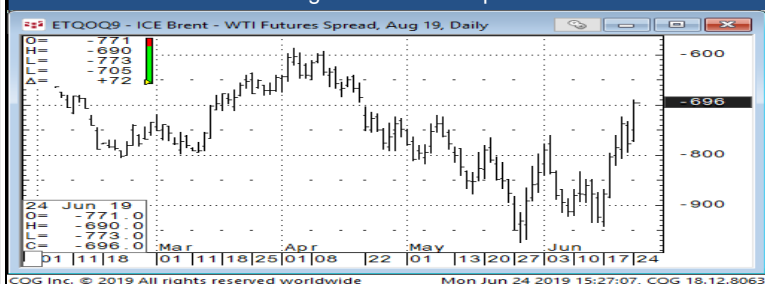
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-19	\$1.9089	-\$0.0069	\$0.1094
Aug-19	\$1.9162	-\$0.0059	\$0.1097
Sep-19	\$1.9246	-\$0.0052	\$0.1106
Oct-19	\$1.9321	-\$0.0049	\$0.1094
Nov-19	\$1.9386	-\$0.0043	\$0.1082
Dec-19	\$1.9434	-\$0.0037	\$0.1075
Jan-20	\$1.9456	-\$0.0033	\$0.1056
Feb-20	\$1.9418	-\$0.0027	\$0.1039
Mar-20	\$1.9338	-\$0.0020	\$0.1022
Apr-20	\$1.9201	-\$0.0016	\$0.1001
May-20	\$1.9105	-\$0.0011	\$0.0981
Jun-20	\$1.9049	-\$0.0006	\$0.0967
Jul-20	\$1.9055	-\$0.0002	\$0.0951
Aug-20	\$1.9071	\$0.0002	\$0.0935
Sep-20	\$1.9092	\$0.0006	\$0.0918
Oct-20	\$1.9102	\$0.0008	\$0.0900
Nov-20	\$1.9116	\$0.0010	\$0.0888

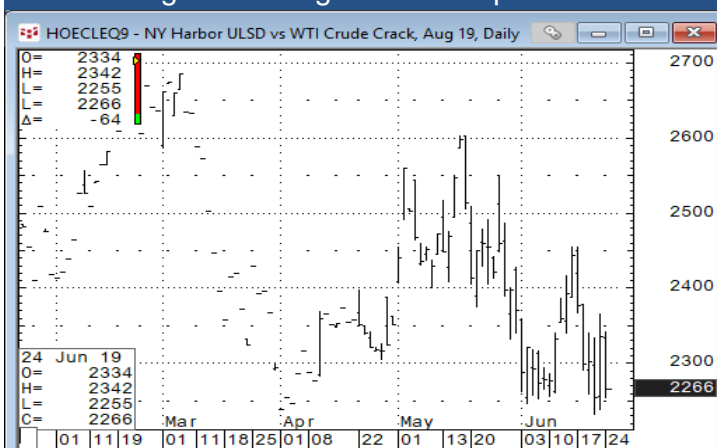
Sprague HeatCurve Oct 2019-Apr 2020

Other Front Month NYMEX		Close	Change
Crude - WTI	Aug Brent-	\$57.9000	\$0.4700
Crude - Brent	WTI Spread	\$64.8600	-\$0.3400
Natural Gas	\$6.96	\$2.3030	\$1.1700
Gasoline		\$1.8549	-\$0.0012

ICE August Brent-WTI Spread



August Heating Oil Crack Spread



August RBOB Crack Spread

