

Market Commentary

Recap: The oil market rallied higher on Monday morning as OPEC and non-OPEC producers looked set to extend their supply cuts until at least the end of 2019. The crude market posted a high of \$60.28, where it held resistance during the rest of the session. However, the market erased some of its gains later in the session. This was despite the OPEC agreement to extend the oil output cuts until March 2020. OPEC is scheduled to meet with Russia and other producers on Tuesday to discuss the production cuts. The oil market pared its gains and sold off to a low of \$58.34 in afternoon trading before the August WTI contract bounced off that level ahead of the close and settled up 62 cents at \$59.09. The September Brent contract settled up 32 cents at \$65.06. Meanwhile, the product markets were well supported, with the heating oil contract settling up 1.44 cents at \$1.9538 and the RBOB contract settling up 3.39 cents at \$1.9305.

Technical Analysis: The crude market will likely bounce back to its highs as OPEC and non-OPEC producers are scheduled to meet on Tuesday to discuss the output cut agreement. The market will also remain supported by the crude stock draws expected in the API and EIA weekly petroleum stocks reports, which are scheduled to be released on Tuesday afternoon and Wednesday morning, respectively. The August crude contract is seen finding resistance at \$59.75 followed by its high of \$60.28 and \$61.48. Support is seen at \$58.34, \$57.75, \$57.20 followed by more distant support at \$56.66 and \$54.35.

Fundamental News: On Monday, OPEC agreed to extend its oil supply cuts by nine months until March 2020. The OPEC meeting on Monday will be followed by talks with Russia and other allies on Tuesday. Iraq's Oil Minister, Thamer Ghadhban, said there will be a rollover for nine months at the same quota levels. Earlier, he said his government and the rest of OPEC seek to control global oil inventories and restore balance to the oil market. He met with his Saudi and Russian counterparts on the sidelines of the OPEC meeting in Vienna on Monday. Iraq's Oil Minister said he would support prolonging output cuts by six to nine months. Separately, Saudi Arabia's Energy Minister, Khalid al-Falih, said more countries want a nine-month extension to the production cut agreement. He said there has been a demand increase. He also stated that his country is raising security after attacks on facilities.

On Saturday, Russia's President, Vladimir Putin, said he had agreed with Saudi Arabia to extend existing output cuts of 1.2 million bpd or 1.2% of global demand by six to nine months, until December 2019 or March 2020. Meanwhile, Russia's Energy Minister, Alexander Novak, said that all OPEC and non-OPEC producers favor extending their global output cut deal by nine months under the same terms agreed in December.

Iran's Oil Minister, Bijan Zanganeh, said he has no problem with output cuts by OPEC but stated that the problem is unilateralism.

Sources stated that Iran's enriched uranium stockpile has breached the 300 kilogram limit set in a 2015 deal with major powers, defying a warning by European co-signatories to stick to the deal despite US sanctions. The semi-official Fars News agency quoted a source as saying that the UN's International Atomic Energy Agency had measured the stockpile on Monday. Inspectors from the UN nuclear watchdog are verifying whether Iran has accumulated more enriched uranium than allowed under its deal with major powers. Meanwhile, Iran's Atomic Energy Organization will soon issue a report about exceeding the stockpile limit of enriched uranium set out in a landmark 2015 nuclear deal.

Iran's Foreign Minister, Mohammad Javad Zarif, said Iran will never succumb to US pressure and if the US wants talks with Iran it should show respect. He also stated that Iran will enrich uranium above 3.67% fissile purity, if European countries fail to salvage a 2015 nuclear deal between Iran and world powers.

Early Market Call - as of 8:30 AM EDT

WTI - Aug \$58.58, down 51 cents

RBOB - Aug \$1.9152, down 1.60 cents

HO - Aug \$1.9390, down 1.45 cents

All NYMEX | Prior Settlements

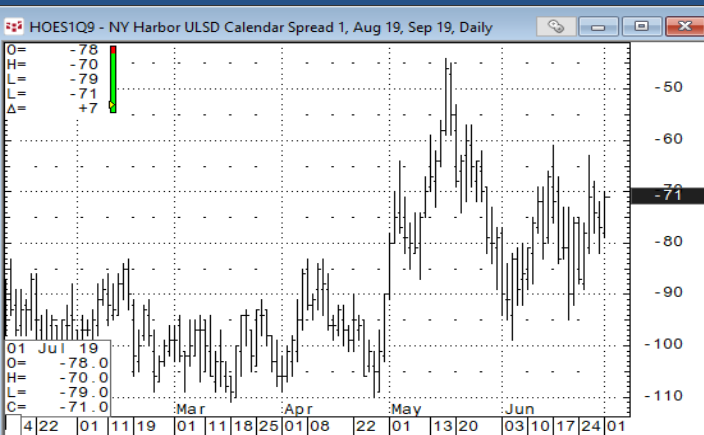
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-19	1.9538	0.0092	0.0449
Sep-19	1.961	0.0216	0.0448
Oct-19	1.967	0.0198	0.0424
Nov-19	1.972	0.0183	0.0399
Dec-19	1.9744	0.0155	0.0358
Jan-20	1.9751	0.0136	0.0317
Feb-20	1.9694	0.0065	0.0238
Mar-20	1.9599	0.0016	0.0181
Apr-20	1.945	-0.0045	0.0112
May-20	1.9346	-0.0001	0.0145
Jun-20	1.9282	0.0037	0.0177
Jul-20	1.9279	0.0099	0.023
Aug-20	1.9287	0.0108	0.0232
Sep-20	1.9307	0.0117	0.0236
Oct-20	1.9316	0.0105	0.0224
Nov-20	1.9327	0.0108	0.0225
Dec-20	1.9319	0.0088	0.0203

Sprague HeatCurve Oct 2019-Apr 2020		\$1.9626
Other Front Month NYMEX		Close
Crude - WTI	Aug Brent-	\$59.0900
Crude - Brent	WTI Spread	\$65.0600
Natural Gas	\$5.97	\$2.2670
Gasoline		\$1.9305
		\$0.6200
		\$0.3200
		-\$0.0410
		\$0.0339

ICE September Brent - WTI Spread



NYMEX Heating Oil Aug-Sep Spread



NYMEX RBOB Aug-Sep Spread

