

Market Commentary

Recap: The oil market continued to trend higher early Thursday ahead of the storm in the Gulf of Mexico, with oil producers evacuating and shutting in production. The crude market rallied to a high of \$60.94 in overnight trading before the market eased off as OPEC forecast slower demand for its crude next year. The forecast pointed to a return of a surplus despite the OPEC-led agreement to cut supplies, which limited the market's gains. The market gave up some of its gains during the remainder of the session and posted a low of \$60.14, ahead of the close. The August WTI settled down 23 cents at \$60.20, while September Brent settled down 49 cents at \$66.52. The product markets also ended in negative territory, with the heating oil market settling down 1.24 cents at \$1.9786 and the RBOB market settling down 1.57 cents at \$1.9895.

Technical Analysis: The crude market will remain supported with Tropical Storm Barry forecast to strengthen into a hurricane on Friday. The market is seen finding support at its low of \$60.14, \$60.00, followed by its previous lows of \$58.35, \$57.29, \$56.29 and \$56.04. Meanwhile, resistance is seen at its high of \$60.94, followed by \$61.48 and \$63.08.

Fundamental News: The National Hurricane Center said Tropical Storm Barry formed on Thursday, with heavy rains expected across the north-central US Gulf Coast. The storm could become a Category 1 hurricane with winds of at least 74 mph and drive ocean water up the Mississippi. The Bureau of Safety and Environmental Enforcement said energy companies cut crude oil production in the Gulf of Mexico by 53.39% or 1 million bpd, ahead of Tropical Storm Barry. A total of 191 production platforms or nearly 29% of the manned platforms in the region were evacuated.

In its monthly report, OPEC forecast world demand for its crude will fall next year as non-OPEC supply increases. OPEC said world demand for its crude in 2020 is forecast to average 29.27 million bpd, down 1.34 bpd from this year as non-OPEC production increases by 2.44 million bpd, up from this year's growth of 2.05 million bpd. It said global oil demand is expected to increase by 1.14 million bpd in 2020, the same rate as this year, as the world economy is expected to expand at this year's pace, despite slower growth in the US and China. OPEC's oil output in June fell by 68,000 bpd to 29.83 million bpd.

Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, July 9th fell by 2,356,506 barrels on the week and by 1,112,375 barrels from Friday, July 5th to 53,547,420 barrels.

PBF Energy and Valero Energy Corp do not plan to idle their refineries in Chalmette and Meraux, Louisiana, respectively ahead of a developing tropical storm in the Gulf of Mexico. Phillips 66 announced on Wednesday night that it would temporarily shut its 247,000 bpd Alliance, Louisiana refinery ahead of the storm.

The chairman of the Iranian parliament's National Security and Foreign Policy Commission, Mojtaba Zolnour, said if European countries do not meet their commitments under a nuclear deal then Iran will "strongly" take more steps to reduce its own obligations. Separately, Iran's Foreign Minister, Mohammad Javad Zarif, said there would be no negotiations with the US as long as sanctions are in place.

Britain's Prime Minister Theresa May's spokesman said Britain is concerned about action by Iranian vessels to stop a commercial oil tanker, calling for a de-escalation of tensions. Earlier on Thursday, the British government said three Iranian vessels tried to block the passage of a BP-operated tanker through the Strait of Hormuz but withdrew after warnings from a British warship. Iran's Foreign Minister, Mohammad Javad Zarif, dismissed the British report as "worthless".

Early Market Call - as of 8:00 AM EDT

WTI - Aug \$60.27, up 7 cents

RBOB - Aug \$1.9837, down 70 points

HO - Aug \$1.9752, down 37 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-19	1.9786	-0.0124	0.0799
Sep-19	1.9855	-0.0123	0.0792
Oct-19	1.9921	-0.0118	0.078
Nov-19	1.9978	-0.0113	0.0773
Dec-19	2.0005	-0.0108	0.0765
Jan-20	2.0011	-0.0104	0.0756
Feb-20	1.996	-0.0103	0.0752
Mar-20	1.987	-0.0102	0.0747
Apr-20	1.9735	-0.0101	0.0746
May-20	1.9635	-0.0102	0.0735
Jun-20	1.9569	-0.0102	0.072
Jul-20	1.9566	-0.0102	0.071
Aug-20	1.9577	-0.0102	0.07
Sep-20	1.9597	-0.0102	0.069
Oct-20	1.9608	-0.0103	0.0682
Nov-20	1.9609	-0.0105	0.067
Dec-20	1.9594	-0.0105	0.066

Sprague HeatCurve Oct 2019-Apr 2020

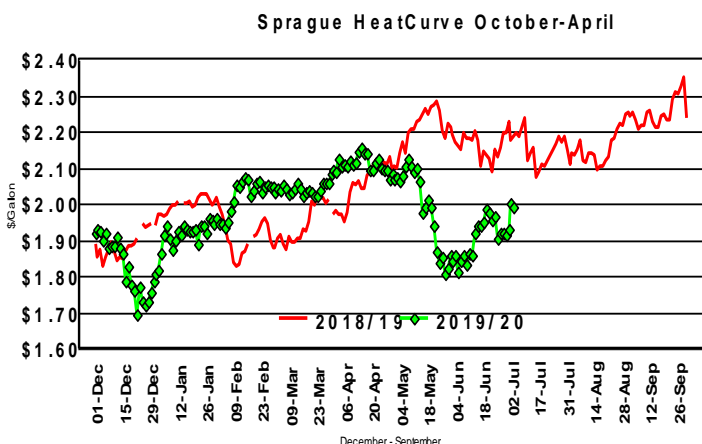
\$1.9944

Other Front Month NYMEX		Close	Change
Crude - WTI	Sep Brent-	\$60.2800	-\$0.2400
Crude - Brent	WTI Spread	\$66.5200	-\$0.4900
Natural Gas	\$6.24	\$2.4160	-\$0.0280
Gasoline		\$1.9895	-\$0.0157

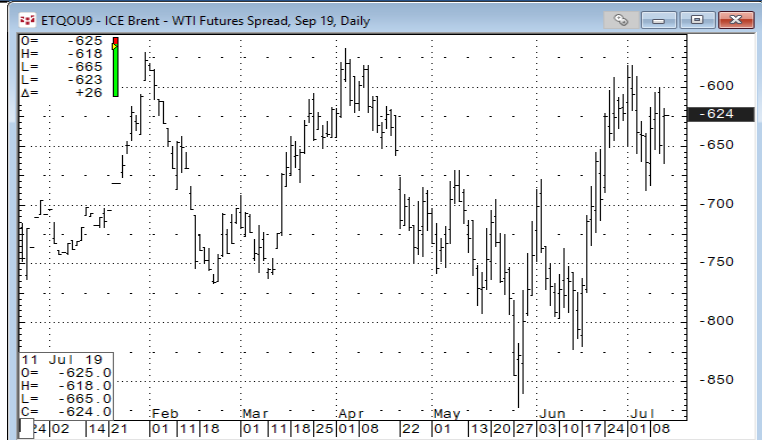
EIA Working Gas Storage Report

	05-Jul-19	28-Jun-19	Change	Year Ago
East	544	526	18	477
Midwest	597	568	29	474
Mountain	140	134	6	142
Pacific	263	255	8	260
South Central	927	907	20	843
Salt	257	259	-2	239
Nonsalt	669	648	21	604
Total	2,471	2,390	81	2,193

Sprague HeatCurve October-April



ICE September Brent-WTI Spread



CGQ Inc. © 2019 All rights reserved worldwide. <http://www.cgq.com>

Thu Jul 11 2019 15:35:53, CGQ 18.12.8063