

Market Commentary

Recap: Oil prices slipped as much as 5% on Wednesday after global demand fears were revived by weak economic data from China and Europe and an unexpected build in U.S. crude inventories. September WTI fell as much as \$3.13, or 5.4% to trade at \$53.97 a barrel, by 1:18 p.m. EST, while October Brent lost \$3.09, or 5%, hitting a session low of \$58.21 a barrel. Wednesday's harsh sell off comes on the heels of sharp gains on Tuesday, after the U.S. announced it was delaying tariffs on some Chinese products. Prices staged a nice comeback as day traders looked to take profits. September WTI worked its way back above \$55.00, to settle at \$55.23 a barrel, down \$1.87, or 3.27%, while October Brent settled at \$59.48 a barrel, down \$1.82, or 2.97%. This was the first time in five sessions that oil futures settled lower. September RBOB fell 6.1 cents, or 3.5%, to \$1.6758 a gallon, while September heating oil lost 3.4 cents, or 1.8%, to \$1.8437 a gallon.

Technical Analysis: WTI experienced a technical shake out on Wednesday, with the September contract tackling several key technical points. On the way down, this spot contract blew through \$55.95, the 50-day moving average, forced its way through \$55.00, and then grinded passed \$54.32, the 10-day moving average. With intraday technical indicators crossing back to the upside, weak shorts covered, while new length was added. The close above \$55.00 was significant and should bring about follow through upside momentum. Resistance is set at \$57.50 and above that at \$58.51. Support is set at \$54.32 and below that at \$53.97.

Fundamental News: US President, Donald Trump, blamed the Federal Reserve for being too slow to change its monetary policy and urged it to act more swiftly.

Former Federal Reserve Chair, Janet Yellen, said the US is most likely not entering a recession. She believes the US economy has enough strength to avoid a recession. She said the fall in long-term US bond yields that has raised fears of a coming economic slowdown may be driven by a number of factors and not necessarily a good signal of future economic activity.

The US Commerce Secretary, Wilbur Ross, said there were no concessions from China for the US decision to postpone tariffs on some Chinese imports until mid-December, adding that it was too early to assess where US-China trade talks stand.

Iran's President Hassan Rouhani said Iran and other Gulf states could protect the region's security and added that foreign forces were not needed. The US has launched a maritime security mission in the Gulf supported by Britain after Iran seized a British-flagged vessel there in July.

According to the EIA, US gasoline demand increased by 281,000 bpd to a record 9.93 million bpd in the week ending August 9th. It reported that total crude oil stocks increased by 1.58 million barrels on the week. US Midwest crude stocks fell by 3.3 million barrels to 132.6 million barrels, the lowest level since late January and East Coast distillate inventories increased by 944,000 barrels to 47.2 million barrels, the highest level since March 2018.

China's crude oil throughput in July increased 4% on the year, supported by improved refinery profit-margins and as new plants started production. China's National Bureau of Statistics reported that refinery runs reached 52.6 million tons or 12.39 million bpd in July. However this was down over 5% from June's record of 13.07 million bpd. China's crude oil production in July increased 2.5% on the year to 16.29 million tons or 3.84 million bpd. Its year-to-date output was 111.31 million tons, up 1% on the year.

IIR Energy reported that US oil refiners are expected to shut in 120,000 bpd of capacity in the week ending August 16th, increasing available refining capacity by 57,000 bpd on the week. Offline capacity is expected to fall to 59,000 bpd in the week ending August 23rd.

Early Market Call - as of 8:40 AM EDT

WTI - Sep \$54.84, down 39 cents

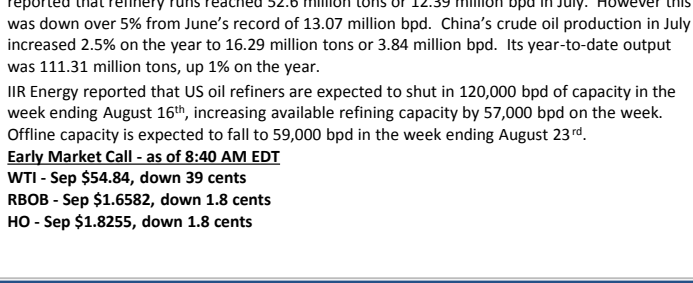
RBOB - Sep \$1.6582, down 1.8 cents

HO - Sep \$1.8255, down 1.8 cents

All NYMEX | Prior Settlements

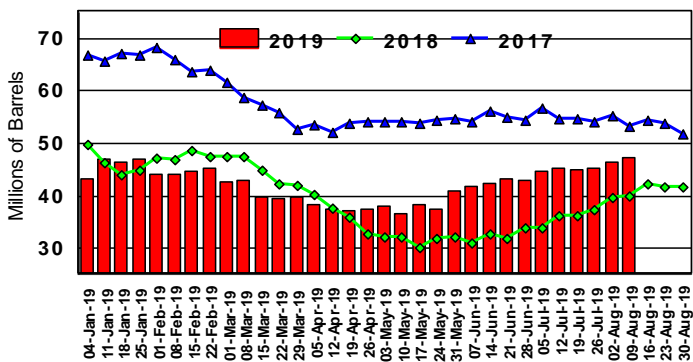
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-19	1.8437	-0.0336	0.0905
Oct-19	1.8514	-0.0331	0.0921
Nov-19	1.8553	-0.0327	0.0925
Dec-19	1.8573	-0.0331	0.0921
Jan-20	1.8585	-0.0337	0.0912
Feb-20	1.8535	-0.0336	0.0901
Mar-20	1.8420	-0.0335	0.0877
Apr-20	1.8265	-0.0333	0.0848
May-20	1.8171	-0.0327	0.0819
Jun-20	1.8120	-0.0320	0.0797
Jul-20	1.8143	-0.0313	0.0778
Aug-20	1.8172	-0.0309	0.0759
Sep-20	1.8203	-0.0309	0.0738
Oct-20	1.8229	-0.0308	0.0727
Nov-20	1.8249	-0.0309	0.0714
Dec-20	1.8259	-0.0307	0.0708
Jan-21	1.8289	-0.0307	0.0697

Sprague HeatCurve Oct 2019-Apr 2020		\$1.8511	
Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent-WTI Spread \$4.23	\$55.2500	-\$1.8500
Crude - Brent		\$59.4800	-\$1.8200
Natural Gas		\$2.1430	-\$0.0040
Gasoline		\$1.6758	-\$0.0606



Weekly EIA Petroleum Status Report for the Week Ending August 9, 2019

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.58 million barrels

Cushing, OK Crude Stocks Down 2.54 million barrels

Gasoline Stocks Down 1.412 million barrels

Distillate Stocks Down 1.938 million barrels

Refinery % Operated 94.8%, down 1.6%

PADD #1

Distillate Stocks (in million bbls)	Week Ending August 9, 2019	Week Ending August 2, 2019	Week Ending August 10, 2018
New England	7.4	6.7	5.8
Central Atlantic	26.1	27.1	22.8
Total PADD #1	47.2	46.3	39.9
Distillate Imports (thousands b/d)	98	242	157