

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures retreated in early trading on Tuesday, as prices followed lower equity markets. Demand concerns became the focal point of Tuesday's session, as trade tensions between the U.S. and China raised fears of a slowing global economy. Losses were capped by hopes that major economies will take steps to stimulate the economy in efforts to ward off a possible economic slowdown. October WTI was trading at \$55.16 a barrel, down 98 cents, or 1.7% by 10:35 a.m. EST, while October Brent traded at \$58.95 a barrel, down 79 cents, or 1.3%. During mid-session trading, oil prices bounced, to work their way to fresh session highs. September WTI went off the board trading at \$56.34 a barrel, up 13 cents, or 0.23%. October WTI recaptured the \$56.00 level to settle at \$56.13 a barrel, down 2 cents. October Brent settled at \$60.03 a barrel, up 29 cents, or 0.49%. September RBOB rose 1.7 cents, or 1%, to \$1.6811 a gallon and September heating oil added 2.1 cents, or 1.2%, to \$1.8543 a gallon.

Technical Analysis: WTI staged a significant technical bounce off of the \$55.00 level to close above \$56.00 for the second straight session. At this point in time, we would look for continued advancements with progression toward the 200-day moving average, which is currently set at \$57.39. Above this level, additional resistance is set at \$58.22. Support is set at \$55.00 and below that at \$54.39.

Fundamental News: The Joint Organizations Data Initiative reported that the Saudi Arabia's crude oil exports fell to 6.721 million bpd in June from 6.942 million bpd in May. The country pumped 9.782 million bpd in June, up from 9.67 million bpd in May.

US Secretary of State, Mike Pompeo, said the US has removed nearly 2.7 million barrels of Iranian oil from global markets as a result of the US' decision to reimpose sanctions on all purchases of Iran's crude. He said the US government was confident it could continue with its strategy. Iran exported about 100,000 bpd of crude in July. If condensate is included, shipments were about 120,000 bpd.

TASS news agency reported that OPEC and non-OPEC oil producers' delivered much deeper production cuts in July than anticipated by their output reduction agreement. Compliance with cuts stood at 159% in July. OPEC's compliance in July stood at 156%, while non-OPEC delivered cuts amounting to 166%.

Two long-awaited pipelines out of the busiest US shale patch started shipping oil to Gulf Coast export hubs last week. The two pipelines, which run from Texas' Permian region to the US Gulf Coast, alleviate bottlenecks that prevented oil from getting to the coast amid an increase in US exports. Pipeline operators Plains All American Pipeline and EPIC Midstream Holdings have begun commercial deliveries on lines that can carry over 1 million bpd of oil to the Gulf Coast from West Texas. The new pipelines have pushed the price of WTI at Midland to its highest level since February, making it less profitable to ship to Cushing. As a flood of oil arrives at the coast instead of at Cushing in coming months, it may further narrow the spread between US and Brent futures, which will impact exports as well.

Libya's crude oil output recovered to more than 1.1 million bpd as the country's 300,000 bpd Sharara oil field is pumping as much as 295,000 bpd.

According to Platts cFlow, trade flow software, US Gulf Coast middle distillate shipments to Europe for September arrival are scheduled at 300,000 metric tons as of Monday, with about 220,000 metric tons bound for Northwest Europe and 80,000 metric tons bound for the Mediterranean. About 1.24 million metric tons of middle distillates from the US Gulf Coast are scheduled to land in Europe in August.

Early Market Call - as of 9:00 AM EDT

WTI - Oct \$56.48, up 35 cents
 RBOB - Sep \$1.7030, up 2.19 cents
 HO - Sep \$1.8673, up 1.32 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-19	1.8543	0.0212	-0.0230
Oct-19	1.8606	0.0209	-0.0239
Nov-19	1.8635	0.0209	-0.0245
Dec-19	1.8646	0.0205	-0.0258
Jan-20	1.8645	0.0198	-0.0277
Feb-20	1.8578	0.0189	-0.0293
Mar-20	1.8456	0.0178	-0.0299
Apr-20	1.8300	0.0171	-0.0298
May-20	1.8205	0.0170	-0.0293
Jun-20	1.8152	0.0170	-0.0288
Jul-20	1.8167	0.0169	-0.0289
Aug-20	1.8188	0.0166	-0.0293
Sep-20	1.8209	0.0161	-0.0303
Oct-20	1.8225	0.0158	-0.0312
Nov-20	1.8233	0.0152	-0.0325
Dec-20	1.8235	0.0151	-0.0331
Jan-21	1.8256	0.0146	-0.0340

Sprague HeatCurve Oct 2019-Apr 2020			\$1.8569
Other Front Month NYMEX	Close	Change	
Crude - WTI	\$56.1300	-\$0.0100	
Crude - Brent	\$60.0300	\$0.2900	
Natural Gas	\$2.2180	\$0.0080	
Gasoline	\$1.6811	\$0.0167	

API Weekly Report for the Week Ending August 16, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 3.5million barrels	Down 1.9 million barrels
Cushing, OK Crude Stocks	Down 2.8 million barrels	
Gasoline Stocks	Down 403,000 barrels	Up 169,000 million barrels
Distillate Stocks	Up 1.8 million barrels	Up 314,000 barrels
Refinery Runs	Up 117,000 bpd	Up 0.1%

October Heating Oil Crack Spread

October RBOB Crack Spread

