

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil prices fell on Friday after China announced plans for retaliatory import tariffs on about \$75 billion worth of U.S. goods, including crude oil. This put U.S. oil prices on a path toward the year's lows near \$50 a barrel. The U.S. benchmark was hit the hardest, with October WTI slipping as much as \$2.11, or 3.8%, to a session low of \$53.24 a barrel, its lowest level for the week. Brent for October delivery hit a session low of \$58.30 a barrel, down \$1.62, or 2.7%. Losses were trimmed ahead of the settlement period, with October WTI settling at \$54.17 a barrel, down \$1.18 or 2.1%, and October Brent falling 58 cents, or 1%, to settle at \$59.34 a barrel. WTI lost 1.3% for the week, while Brent rose 1.2% during the week. September RBOB fell 1.5% to \$1.6428 a gallon, for a weekly loss of about 0.9%, while September heating oil lost 1.4% to settle at \$1.8156 a gallon, ending around 0.2% higher for the week.

**Technical Analysis:** Based upon a weekly spot continuation chart, WTI remains within a tightening area of congestion, has it held below \$57.50, the 38% retracement set by the October high of \$79.55 and the December 2018 low of \$43.81. Although moving oscillators are set low in oversold territory, they are not showing signs of crossing to the upside. This, in conjunction with a rise in long positions sets up for a lower move at the onset of this week's trading session. Support is set at \$53.70, and below that at \$52.50. To the upside, resistance is set at \$56.00 and above that at \$57.50.

**Fundamental News:** China said it has to take countermeasures due to US unilateralism and protectionism. It plans to raise import tariff rates on some US goods. It said the new tariff rates imposed on about \$75 billion worth of US goods will range from 5% to 10%. The new tariff rates will take effect on September 1 and December 15<sup>th</sup>.

US President Donald Trump said he has ordered US companies to exit China after Beijing announced retaliatory tariffs on \$75 billion in US goods. Trump said on Twitter that "our great American companies are hereby ordered to immediately start looking for an alternative to China, including bringing your companies HOME and making your products in the USA." However, the US Chamber of Commerce rebuffed President Donald Trump's call that US businesses begin immediately looking for alternatives for operations in China. The Executive Vice President and Head of International Affairs at the US Chamber of Commerce, Myron Brilliant, said "while we share the president's frustration, we believe that continued, constructive engagement is the right way forward."

Baker Hughes reported that the number of rigs drilling for oil in the US fell by 16 to 754 in the week ending August 23<sup>rd</sup>.

IIR Energy reported that US oil refiners are expected to shut in 255,000 bpd of capacity in the week ending August 23<sup>rd</sup>, decreasing available refining capacity by 4,000 bpd from the previous week. Offline capacity is expected to fall to 60,000 bpd in the week ending August 30<sup>th</sup> and increase to 159,000 bpd in the subsequent week.

The Trump administration is not expected to rescind any of the biofuel waivers already granted to oil refiners, following a meeting yesterday at the White House. However the administration is considering ways to account for the waived volumes going forward. In a meeting on Thursday, Secretary of Agriculture, Sonny Perdue, was said to have recommended rescinding some of the refinery exemptions that had been granted to "big" companies, likely 7-8 of the recent batch of 31 waivers.

**Early Market Call - as of 8:35 AM EDT**

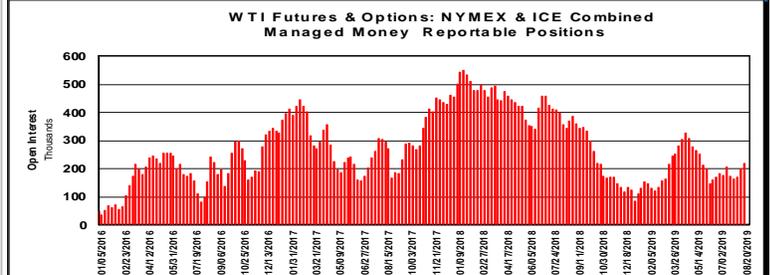
WTI - Oct \$54.86, up 69 cents

RBOB - Sep \$1.6597, up 1.65 cents

HO - Sep \$1.8309, up 1.51 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-19	1.8156	-0.0257	0.0028
Oct-19	1.8235	-0.0249	0.0036
Nov-19	1.8274	-0.0250	0.0041
Dec-19	1.8294	-0.0249	0.0044
Jan-20	1.8310	-0.0241	0.0051
Feb-20	1.8261	-0.0235	0.0058
Mar-20	1.8154	-0.0228	0.0065
Apr-20	1.8010	-0.0220	0.0072
May-20	1.7920	-0.0219	0.0075
Jun-20	1.7866	-0.0220	0.0071
Jul-20	1.7884	-0.0218	0.0068
Aug-20	1.7911	-0.0215	0.0066
Sep-20	1.7942	-0.0209	0.0064
Oct-20	1.7966	-0.0206	0.0061
Nov-20	1.7984	-0.0201	0.0056
Dec-20	1.7992	-0.0198	0.0054
Jan-21	1.8018	-0.0195	0.0048

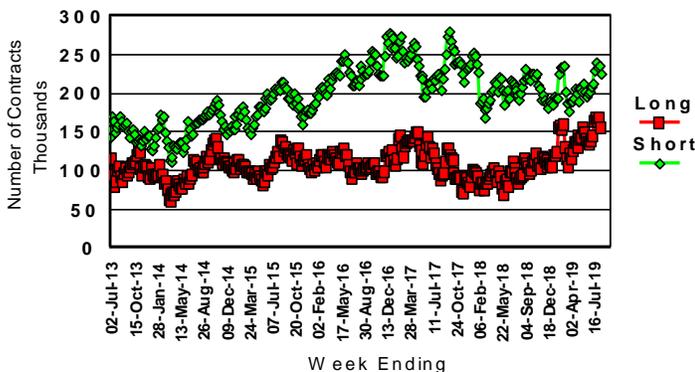
Sprague HeatCurve Oct 2019-Apr 2020		\$1.8238	
Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent- WTI Spread	\$54.1700	-\$1.1800
Crude - Brent		\$59.3400	-\$0.5800
Natural Gas	\$5.17	\$2.1520	-\$0.0070
Gasoline		\$1.6428	-\$0.0247



## Commitment of Traders Report for the Week Ending August 20, 2019

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

