

Market Commentary

Recap: The oil market continued to trade within its recent trading range on Friday, following the 4th of July holiday. The market sold off to a low of \$56.29 early on Friday morning before it bounced off that level and rallied higher. The market rallied to a high of \$57.77. The crude market was well supported by the stronger than expected jobs report, showing an increase in nonfarm payrolls of 224,000 in June. Meanwhile, the market was also supported by continued tension in the Middle East in light of news that an Iranian official called for the seizure of British oil tankers, after the British navy seized an Iranian vessel carrying 2 million barrels of oil off the coast of Gibraltar on Thursday. The oil market later settled in a sideways trading pattern in afternoon trading. The August WTI contract settled up 17 cents at \$57.51, while the September Brent contract settled up 93 cents at \$64.23. The product markets also ended the session higher, with the heating oil contract settling up 63 points at \$1.9050 and the RBOB market settling up 1.28 cents at \$1.9295.

Technical Analysis: The crude market is still seen trading sideways, within its recent trading range of \$56 and \$60. The market is seen finding support at its lows of \$56.29 and \$56.04. If it does breach the \$56 level, more distant support is seen at \$54.35. Meanwhile, resistance is seen at \$57.77, \$59.43 and \$60.28.

Fundamental News: According to a Reuters survey, OPEC's oil output fell to a new five-year low in June as an increase in Saudi supply did not offset losses in Iran and Venezuela due to US sanctions and other outages elsewhere in the group. OPEC produced 29.6 million bpd in June, down 170,000 bpd from May's revised level and the lowest OPEC total since 2014. It reported that Iran's exports fell to less than 400,000 bpd from more than 2.5 million bpd in April 2018. In Venezuela, supply fell slightly in June due to the impact of US sanctions on PDVSA and a long-term decline in production. Iraq had the largest decline in output of 100,000 bpd on the month, as bad weather hampered its southern exports. Meanwhile, Saudi Arabia increased its production by 100,000 bpd to 9.8 million bpd from May's revised figure. However, it was below its OPEC quota of 10.311 million bpd.

An OPEC source said Saudi Arabia produced 9.782 million bpd of crude oil in June, up from 9.67 million bpd in May. It kept its crude production below its output target of 10.3 million bpd.

An Iranian Revolutionary Guards commander threatened on Friday to seize a British ship in retaliation for the capture of an Iranian supertanker in Gibraltar by Royal Marines. The Gibraltar government said the crew on board the supertanker Grace 1 were being interviewed as witnesses, not criminal suspects, in an effort to establish the nature of the cargo and its ultimate destination. British Royal Marines abseiled onto the ship off the coast of the British territory on Thursday and seized it. Iran's Foreign Ministry spokesman, Abbas Mousavi, said the crude oil cargo was from Iran.

IIR Energy reported that US oil refiners are expected to shut in 182,000 bpd in the week ending July 5th, increasing available refining capacity by 472,000 bpd from the previous week. Offline capacity is expected to fall to 66,000 bpd in the week ending July 12th, before increasing to 265,000 bpd in the week ending July 19th.

The US EPA proposed refiners increase the volume of biofuels blended into their annual fuel output but did not reallocate the waived amounts under the hardship program. The EPA on Friday said it proposed increasing the volume of biofuels refiners must blend into their fuel annually to 20.04 billion gallons in 2020, up from 19.92 billion gallons in 2019. The proposed mandate included 15 billion gallons of conventional biofuels like ethanol, unchanged from 2019. It also proposed holding the biodiesel mandate at 2.43 billion gallons for 2021, unchanged from 2020.

Early Market Call - as of 8:40 AM EDT

WTI - Aug \$57.35, down 17 cents

RBOB - Aug \$1.9149, down 1.47 cents

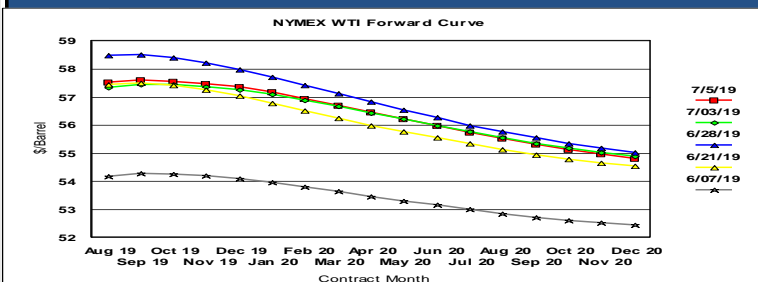
HO - Aug \$1.9000, down 46 points

All NYMEX | Prior Settlements

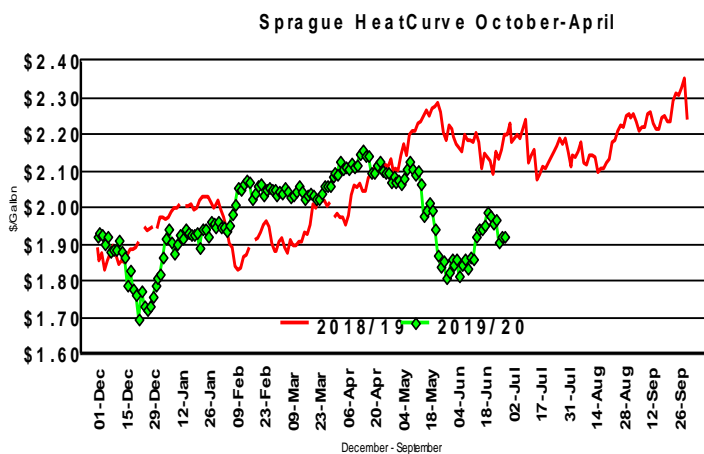
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-19	1.905	0.0063	-0.0344
Sep-19	1.9111	0.0048	-0.0361
Oct-19	1.9178	0.0037	-0.0359
Nov-19	1.9236	0.0031	-0.0353
Dec-19	1.9275	0.0035	-0.034
Jan-20	1.9292	0.0037	-0.0337
Feb-20	1.9249	0.0041	-0.0334
Mar-20	1.9166	0.0043	-0.0329
Apr-20	1.903	0.0041	-0.0317
May-20	1.8941	0.0041	-0.0304
Jun-20	1.8888	0.0039	-0.0292
Jul-20	1.8893	0.0037	-0.0286
Aug-20	1.8909	0.0032	-0.0281
Sep-20	1.8933	0.0026	-0.0278
Oct-20	1.8945	0.0019	-0.0274
Nov-20	1.8953	0.0014	-0.0278
Dec-20	1.8943	0.0009	-0.0282

Sprague HeatCurve Oct 2019-Apr 2020		\$1.9224
Other Front Month NYMEX		Close
Crude - WTI	Sep Brent- WTI Spread	\$57.5900
Crude - Brent		\$64.2300
Natural Gas	\$6.64	\$2.4180
Gasoline		\$1.9295
		\$0.1500
		\$0.9300
		\$0.1280
		\$0.0128

NYMEX WTI Forward Curve



Sprague HeatCurve October-April



ICE September Brent-WTI Spread

