

Market Commentary

Recap: Oil prices rose by almost 5%, giving up early losses on Tuesday after the U.S. said it would suspend imposing a 10% tariff on certain Chinese imports, easing concerns over a global trade war. September WTI was up \$2.49 or 4.3% to \$57.42 a barrel by 11:52 a.m. EST, while October Brent was up \$2.90, or 4.9%, to \$61.47 a barrel. Although gains were trimmed, oil futures finished at their highest level in almost two weeks. September WTI closed at \$57.10 a barrel, up \$2.17, or 4%, while October Brent added 42.73, or 4.7%, to settle at \$57.10 a barrel. Prior to Tuesday's gain, Brent was trading down more than 20% since hitting its 2019 high in April. Earlier Tuesday, the premium of Brent over WTI fell to its lowest since March 2018. RBOB rose 7.1 cents, or 4.3%, to \$1.7364 a gallon, while September heating oil added 7.2 cents, or 4%, at \$1.8773 a gallon.

Technical Analysis: September WTI blew through \$55.92, the 50-day moving average and sailed up toward \$57.57, the 200-day moving average, where it found resistance. With this market gaining momentum above \$55.00, we would look for additional higher moves, but would not be surprised to see a pullback. Breaks below \$55.00 will prompt sellers into action. Above \$57.57, additional resistance is set at \$58.50 and above that at \$58.80. Support is set at \$55.00 and below that at \$53.69.

Fundamental News: The Office of the US Trade Representative said the Trump administration will delay 10% tariffs on certain Chinese products, including laptops and cell phones that had been scheduled to start next month until December 15th. Other products include, computers, video game consoles, certain toys, computer monitors, and certain items of footwear and clothing. A separate group of products will also be exempt altogether based on health, safety, national security and other factors. Separately, China's Ministry of Commerce said Chinese Vice Premier Liu He conducted a phone call with US Trade Representative, Robert Lighthizer and US Treasury Secretary, Steven Mnuchin. Officials from China and the US agreed to talk again on the phone within two weeks.

According to the latest S&P Global Platts survey of OPEC output, Saudi Arabia produced 9.7 million bpd in July, about 600,000 bpd below its quota under the OPEC and non-OPEC output cut agreement.

Commerzbank revised its forecast for Brent crude prices at the end of 2019 and for the coming year down by \$5/barrel to \$65/barrel. It revised its forecast to take account of the renewed escalation of the trade conflict and the gloomier demand outlook. Meanwhile, WTI prices are forecast to average \$57/barrel in 2019 and \$62/barrel in 2020.

Iran's semi-official Fars news agency quoted unidentified Gibraltar authorities as saying that Iran's seized oil tanker, Grace 1, will be freed by Tuesday evening. Gibraltar said it was seeking to de-escalate issues arising with Iran since the detention of the Grace 1 tanker by British marines in July. Meanwhile, Iran also stated that Britain may free its oil tanker soon, after some documents were exchanged that would help the seized ship's release.

According to S&P Global Platts Analytics, USGC refiners are expected to shut down 1.36 million bpd of distillation capacity in October, up from 200,000 bpd in August.

Saudi Arabia's East-West Pipeline bypassing the Strait of Hormuz will expand its crude oil capacity to 7 million bpd in September from its current 5 million bpd.

Early Market Call - as of 8:00 AM EDT

WTI - Sep \$55.33, down \$1.79

RBOB - Sep \$1.7002, down 3.6 cents

HO - Sep \$1.8425, down 3.5 cents

All NYMEX | Prior Settlements

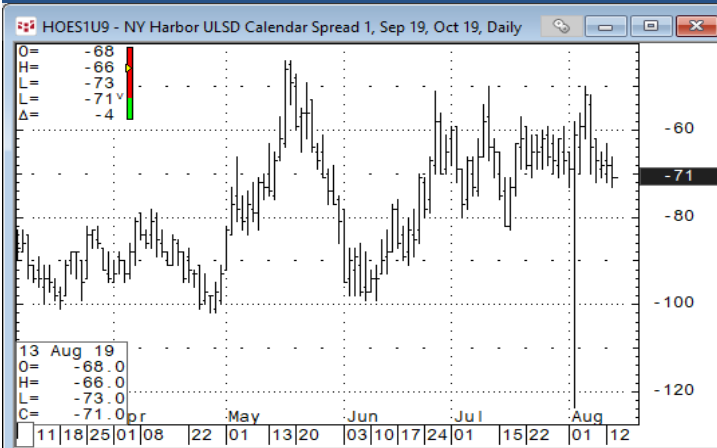
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-19	1.8773	0.0715	0.0533
Sep-19	1.8845	0.072	0.0553
Oct-19	1.888	0.072	0.0559
Nov-19	1.8904	0.0716	0.0564
Dec-19	1.8922	0.0713	0.057
Jan-20	1.8871	0.0708	0.0564
Feb-20	1.8755	0.0701	0.0545
Mar-20	1.8598	0.0693	0.0523
Apr-20	1.8498	0.0679	0.0511
May-20	1.844	0.0664	0.0507
Jun-20	1.8456	0.0652	0.0499
Jul-20	1.8481	0.0642	0.0487
Aug-20	1.8512	0.064	0.0477
Sep-20	1.8537	0.0637	0.0473
Oct-20	1.8558	0.0636	0.0467
Nov-20	1.8566	0.0633	0.0471
Dec-20	1.8596	0.0629	0.0474

Sprague HeatCurve Oct 2019-Apr 2020			\$1.8845
Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent-	\$57.1000	\$2.1700
Crude - Brent	WTI Spread	\$61.3000	\$2.7300
Natural Gas	\$4.20	\$2.1470	\$0.0420
Gasoline		\$1.7364	\$0.0712

API Weekly Report for the Week Ending August 9, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 3.7million barrels	Down 2.7 million barrels
Cushing, OK Crude Stocks	Down 2.2 million barrels	
Gasoline Stocks	Up 3.7million barrels	Up 910,000 barrels
Distillate Stocks	Down 1.3million barrels	Up 810,000 barrels
Refinery Runs	Down 573,000 bpd	UP 0.2 at 96.6%

NYMEX Heating Oil Sep-Oct Spread



NYMEX RBOB Sep-Oct Spread

