



Discover the Pattern, Anticipate the Future

We would be happy to discuss this commentary with you and provide additional market insights. Feel free to call us at +1 859-687-2748 or email us at rachel.poole@fundamentalanalytics.com

The comments below reflect updates and commentaries that we send regularly to our subscriber lists. Because some time may have now passed since the original release of this content, it should not be regarded as up-to-date market commentary. If you wish to receive this type of analysis in a timely fashion, subscribe to our weekly commentaries by contacting us at the phone number or email above.

Monthly Newsletter: July 2019

By Rachel Poole and Joel Fingerman

Greetings!

Fundamentals

The DOE reported Total Crude Oil Inventories decreased by 12.8 million barrels to 469.6 million barrels for the week ending June 21, 2019, while the expectations average was for a 2.5 million barrel draw. The DOE report was bullish for crude prices as the report draw was significantly larger than expectations. This occurred because of the drop in crude imports, lower US oil production, record crude exports, and higher crude runs. Prices jumped up 75 cents with the release of the report but fell back during the remainder of the trading day, ending the day up about \$1.25. The potential supply interruptions in the Middle East, US-China trade war issues, and OPEC supply cuts are also supporting higher prices.

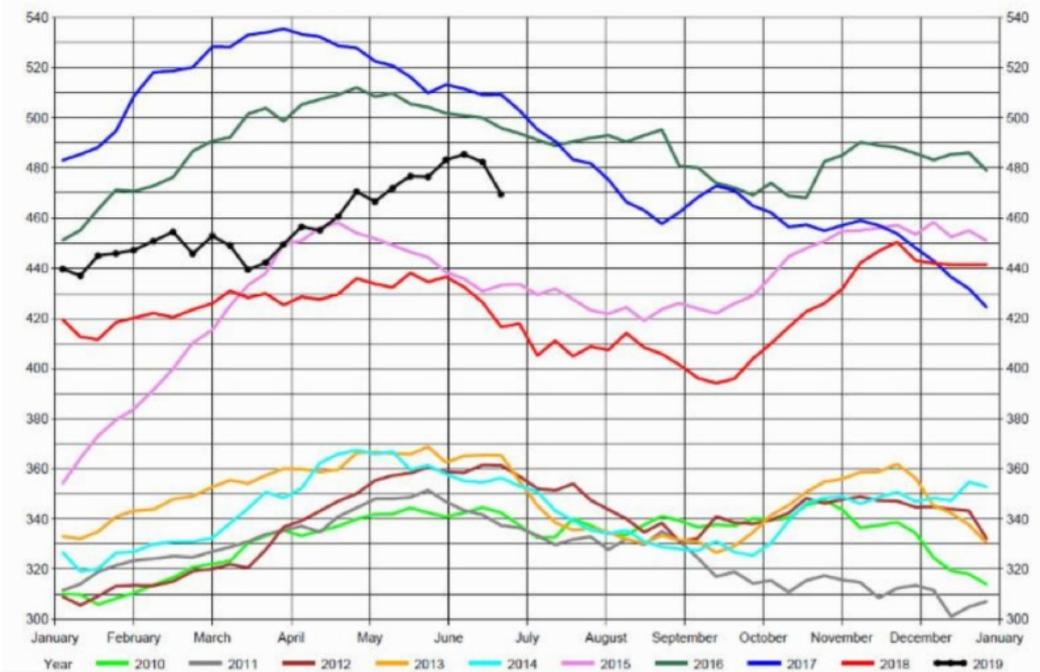
Chart 1

To see what the FA platform can do for you [sign up](#) for a webinar and free trial on our website or contact one of our team members.

Benefits of FA:

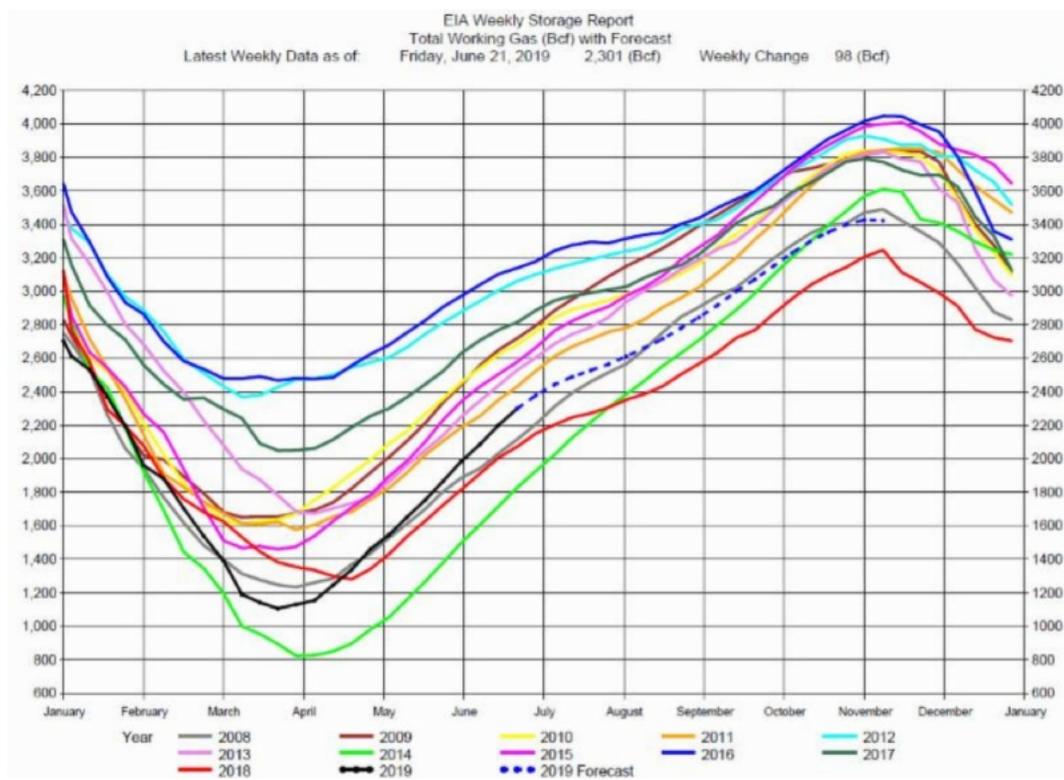
- Easy to use, web-based and menu driven platform.
- Extensive history of data.
- Superior graphing capabilities
- Competitively priced.

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The EIA reported a 98 Bcf storage injection for the week ending June 21, 2019. The injection was one of the highest for this week of the year and greater than the average, 75 Bcf. This injection was at the average of expectations for a 97 Bcf injection. Prices jumped with the release of the report and ended the day up about 6 cents. Storage at 2,301 Bcf is 227 Bcf above inventories for this time last year and 171 Bcf below the five-year average. Seasonally, the next six weeks have declining injections with hot July weather so it is unlikely injections will be greater than 90 Bcf. Beginning in August the injections will ramp up and peak by the end of September. Those two months determine the end of season storage.

Chart 2



Platform Potential

The commodity market research platform offered by Fundamental Analytics is intuitive and easy to use. The year-on-year default visualizations of certain pricing and fundamental data along with the ability to easily create spreads charts offer a superb tool for analyzing relevant data. Research done by our team in June exemplifies how combined analysis of pricing, spreads, and fundamental data can offer meaningful market insights.

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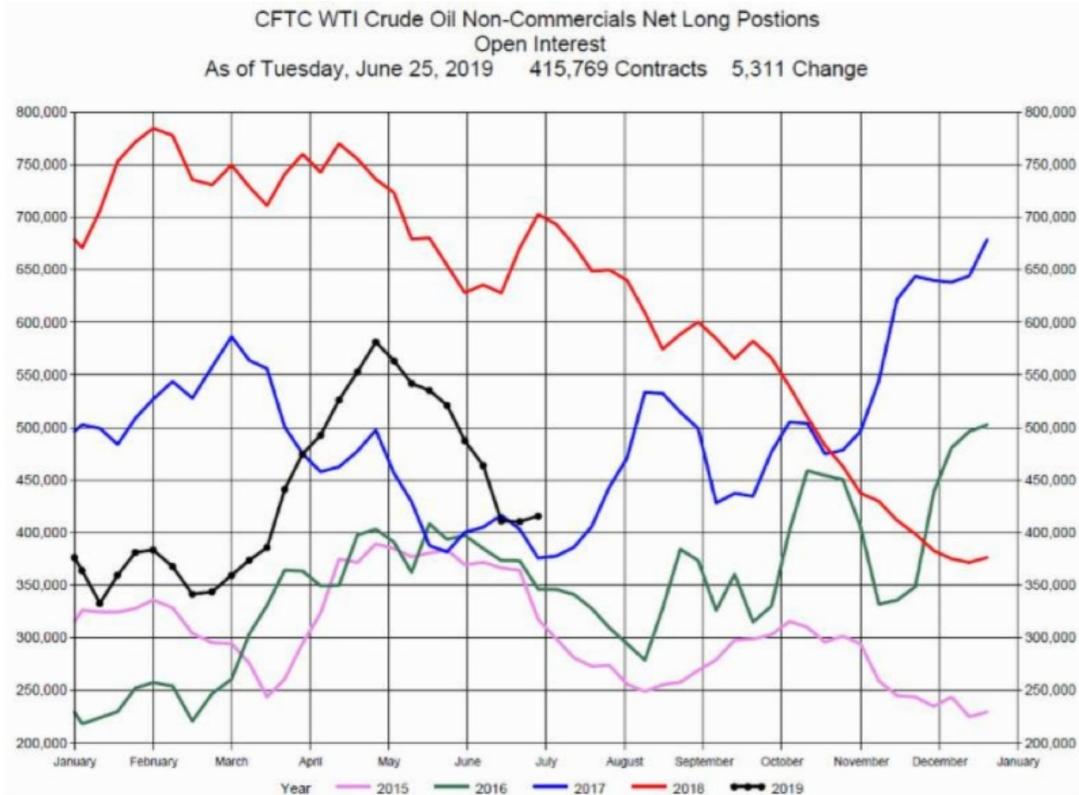
Commentary originally from June

Latest CFTC Report

The CFTC Commitment of Traders Report as of Tuesday, June 25, 2019 shows the Non-Commercials Net Long Positions in WTI Crude Oil increased during the week by 5,311 contracts to 415,769 contracts. 11,477 Long positions were closed and 16,788 Short positions were covered.

The funds net long positions increased due to the large short covering when prices jumped with the Middle East tensions. Headlines about geo-political issues driving prices will continue the high price volatility so the Funds net longs may remain close to 400,000.

Chart 1



Weekly Commentary

Fundamental Analytics offers timely weekly commentaries tied to reporting from the DOE, as well as weekly reports on crude oil and natural gas. We also offer a weekly commodity market update highlighting developments in agricultural and energy markets. If you are

interested in receiving any or all of these updates, please let us know. Below is a summary of our June Commodity Market Updates.

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June 21

Recently crude prices have dramatically moved because of news reports rather than fundamentals. There is a sensitive balance between the bearish risks from global demand slowdown and oversupply, and the bullish risks from possible supply disruptions in the Middle East and US-China trade war issues. However, it is still useful to review some of the recent crude oil and gasoline supply/demand data. The latest EIA data release reported total crude stocks at 482.4 million barrels for the week ending June 14, a counter-seasonal string of increases since early March totaling 42.4 million barrels. Considering crude oil and petroleum products together, there has been a 92 million barrel increase in total stocks since last March. Crude runs are ramping up for summer driving season, with the latest at 17.26 million barrels per day.

What to Watch in the Upcoming Weeks

Below are a few things to watch in early/mid-July of 2019. These factors are likely to impact energy and agricultural markets.

- OPEC meeting on oil prices.
- Possible interest rate cuts.
- Geopolitical tensions, such as new updates to the US-China trade war.
- Delayed and canceled planting of corn and soybean crops.

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Regards,
The Fundamental Analytics Team