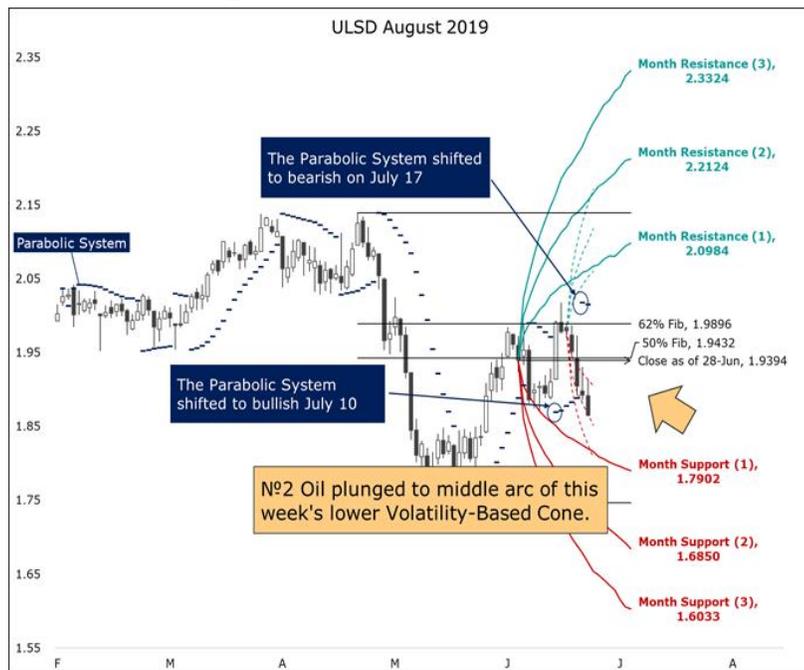




Market Recap



Contract	Month	High	Low	Close	Change ¹
NYMEX ULSD	Aug-19	1.9305	1.8856	1.8926	-4.94%
NYMEX ULSD	Sep-19	1.9385	1.8940	1.9009	-4.85%
NYMEX ULSD	Oct-19	1.9459	1.9021	1.9083	-4.77%
NYMEX ULSD	Winter Strip ²	1.9474	1.9076	1.9115	-4.76%
NYH ULSD ³	Spot			1.8833	-4.70%

¹ 5-Day Change as of July 17 | ² Average (Nov-19, Dec-19, Jan-20, Feb-20, & Mar-20) | ³ Source Refinitiv Eikon ULSD-NYH

CSR Talking Points

Prepare for more volatility and more expensive fuel prices. CSRs should relay this concern and urgency to new and existing customers and advise locking in a prepay or cap program while supplies last. The recent dip in market prices over the last week provides an excellent opportunity for your customers to lock in prices before the next move higher. Highlight this opportunity and stress the importance of locking in now.

Actions to Take

Hopefully you followed our recommendations and locked in a portion of your winter exposure prior to the rally. We feel that last week's sell off was just a pause before it trades higher again. All variables are suggesting that the market will move higher. Given the recent dip in prices, we now suggest purchasing a portion of your winter exposure before the market rallies again. Consider using both futures and options to help finance a hedge and limit your exposure.

Balancing Both Sides

Technical Bias

Neutral ↔

August ULSD peaked 0.08 cents above our 1.9297 first daily resistance, bottomed at 1.8856 and finished 1.23 cents lower at 1.8926. As far as today goes, a drop below 1.8653 alerts to weakness towards our 1.8458 second support point. Below here, we look for support at our 1.8297 third level of support. Strength above 1.9194 opens the door to our 1.9392 second level of resistance.

Fundamental Bias

Neutral ↔

We PADD 1 distillate stocks rose by a relatively light 708 Mbs, one week after rising by a strong 1.6 MMbs. Stocks rose to 45.1 MMbs. Stocks in the direct NYMEX market area (PADD 1B Mid-Atlantic) rose by a strong 1.1 MMbs to 25.9 MMbs. Inventories are trending above the first standard deviation of our time series model, i.e. **stocks are solid**.

Overall Market Bias

Neutral ↔

While our technical bias has shifted to a neutral skew as per our Schork probabilistic mode, the overall sentiment remains neutral as the fundamental bull and bear variables are fighting for dominance. The geopolitical stage is on fire and could very quickly take this market higher. This pullback in prices as of late, could very well be the calm before the storm. Stay nimble and be prepared to take action.

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