

## Market Commentary

**Recap:** Oil futures opened higher on Monday, but failed above the unchanged level on weak Chinese data and as traders assessed the spread of the Delta variant of the coronavirus that causes COVID-19 and rising output by OPEC+ producers. In China, data released on Saturday by the National Bureau of Statistics showed the country's official purchasing manager's index fell to 50.4 in July from 50.9 in June. Numbers above 50 indicate expansion. This raised investor concern about China's economic recovery.

September WTI fell \$2.80, or 3.8%, to \$71.15 a barrel, while October Brent declined \$2.61, or 3.5%, to \$72.80 a barrel. September RBOB slipped 2.9% to \$2.2671 a gallon, while September heating oil was down 2.8% at \$2.134 a gallon.

**Technical Analysis:** Oil futures were hit hard on Monday, perhaps a bit overdone to the upside. The September WTI contract slipped back below the ascending trend line it broke above last week, and retraced all the way down below \$71.10, the 50% retracement provided by the July 6 high of \$76.98 and the July 20 low of \$65.21. At this point, it appears traders are likely to continue to worry about a global economic recovery given the weak economic data out of China and the fast spread of the COVID-19 Delta variant. However, there is plenty of support in this market down around the \$70 level so we do not expect to see a wash out. Below \$70, additional support is seen at \$69.71. To the upside, resistance is seen at \$71.85 and above that at \$72.48.

**Fundamental News:** IIR Energy said U.S. oil refiners are expected to have 153,000 bpd of capacity offline in the week ending August 6<sup>th</sup>, increasing available refining capacity by 248,000 bpd. Offline capacity is expected to fall to 120,000 bpd in the week ending August 13<sup>th</sup>.

Vortexa data showed that the amount of crude oil held around the world on tankers that have been stationary for at least seven days fell to 86.25 million barrels as of July 30<sup>th</sup>, down 1.6% from 87.64 million barrels on July 23<sup>rd</sup>.

U.S. Gulf crude outflows fell to 2.405 million bpd in July as a narrow WTI discount to Brent reduced interest from the Far East. Total June outflows were 2.645 million bpd.

Saudi Arabia, Kuwait and the UAE increased their crude exports to multi-month highs in July. Saudi shipments reached 6.4 million bpd, up 640,000 bpd from June and the highest since December. Kuwait's loadings increased by 276,000 bpd on the month, reaching the largest outflow since April 2020. The UAE put the most oil on tankers since August last year.

Three Iranian oil tankers began sending new position signals that indicate they loaded cargoes in July. Total observed shipments of crude and condensate were 4.65 million barrels or 150,000 bpd in July, compared with a revised 6 million barrels or 200,000 bpd in June.

Iraq's Oil Ministry reported that the country's total oil exports averaged 2.9 million bpd in July. The average oil price per barrel stood at \$72 in July.

Libya's observed crude and condensate exports in July fell by 5.8% on the month to 1.12 million bpd. Shipments to Spain fell to 63,000 bpd in July, down from 196,000 bpd in June.

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

WTI - Sep \$70.16 down \$1.10

RBOB - Sep \$2.2572 down 0.0185

HO - Sep \$2.1127 down 0.0233

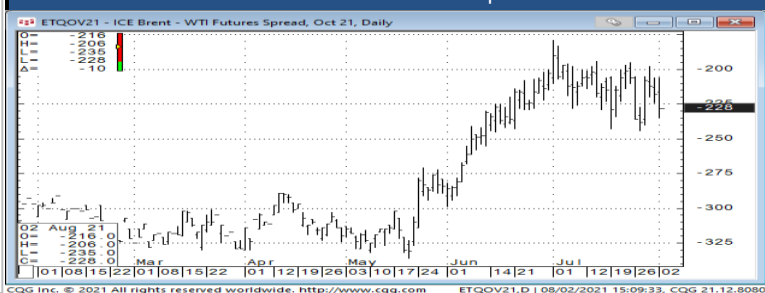
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-21	\$2.1358	-\$0.0636	-\$0.0152
Sep-21	\$2.1364	-\$0.0592	-\$0.0161
Oct-21	\$2.1354	-\$0.0610	-\$0.0167
Nov-21	\$2.1327	-\$0.0621	-\$0.0166
Dec-21	\$2.1284	-\$0.0632	-\$0.0162
Jan-22	\$2.1210	-\$0.0656	-\$0.0176
Feb-22	\$2.1081	-\$0.0704	-\$0.0215
Mar-22	\$2.0903	-\$0.0746	-\$0.0258
Apr-22	\$2.0780	-\$0.0680	-\$0.0201
May-22	\$2.0702	-\$0.0625	-\$0.0160
Jun-22	\$2.0682	-\$0.0559	-\$0.0104
Jul-22	\$2.0669	-\$0.0544	-\$0.0089
Aug-22	\$2.0659	-\$0.0535	-\$0.0084
Sep-22	\$2.0656	-\$0.0519	-\$0.0087
Oct-22	\$2.0653	-\$0.0513	-\$0.0066
Nov-22	\$2.0639	-\$0.0519	-\$0.0071
Dec-22	\$2.0618	-\$0.0521	-\$0.0067

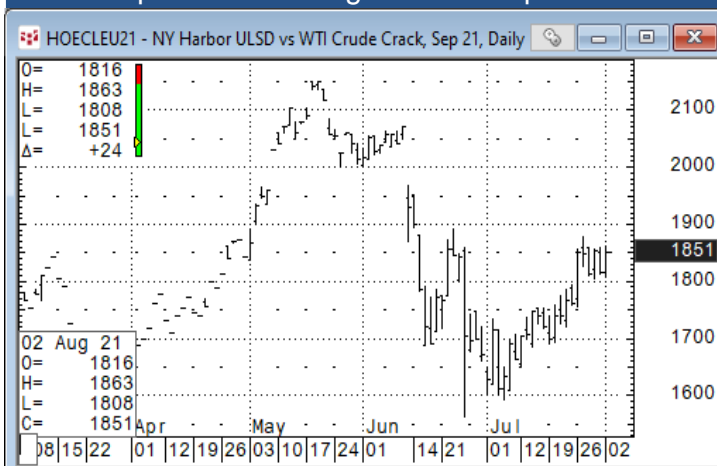
## Sprague HeatCurve October 2021-April 2022

		Close	Change
Crude - WTI	Sep Brent- WTI Spread \$2.28	\$70.6100	-\$2.6200
Crude - Brent		\$72.8900	-\$2.5200
Natural Gas		\$3.9350	\$0.0210
Gasoline		\$2.2747	-\$0.0600

## ICE October Brent-WTI Spread



## September Heating Oil Crack Spread



## September RBOB Crack Spread

