

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures ended sharply lower on Tuesday, pressured by uncertainty over the outlook for global crude production after talks between OPEC and its allies collapsed. Before heading lower, WTI hit a six-year high, trading at 479.98 a barrel, a gain of \$1.82, or 2.42% a barrel. Initially, prices headed higher as the talks collapsed, as the assumption that no deal would add zero barrels to the market through 2022. However, the reaction turned negative, as fear that no deal might actually see the United Arab Emirates unilaterally add the 600,000 barrels they were seeking to their baseline quota, with other member countries also adding barrels, with the potential for a repeat of the March 2020 price war. Adding to the weakness was strength in the dollar. August WTI fell to a low of \$72.94 a barrel, down \$2.22, or 2.9% before paring losses for a settlement of \$73.37, a loss of \$1.79, or 2.4%. Brent for September delivery slipped \$2.63, or 3.4%, to settle at \$74.53 a barrel, after hitting a high of \$77.84. August RBOB fell 3.1% to close at \$2.2282 a gallon, while August heating oil dropped 3.4% to \$2.1049 a gallon.

Technical Analysis: WTI experienced a classic reversal day on Tuesday, as the day's range extended beyond that of Friday's range, with a lower settlement. This is a sign that prices may be getting ready for pullback. We do not expect to see a drastic pullback in prices, and therefore, we expect the major trend of this market to remain to the upside. With the expectation that there is significant support below this market, we would look for traders to come in as bottom pickers. Resistance is set at \$77.50, with a break above this level opening up the opportunity for a run at \$80. Support is seen at \$72.70 and below that at \$70.

Fundamental News: OPEC+ ministers called off oil output talks on Monday after clashing last week when the United Arab Emirates rejected a proposed eight-month extension to output curbs, meaning no deal to increase production has been agreed. Saudi Energy Minister Prince Abdulaziz bin Salman had called for "compromise and rationality" to secure a deal after two days of failed discussions last week. However, four OPEC+ sources said there had been no progress. OPEC's Secretary General Mohammad Barkindo said in a statement on Monday the meeting had been cancelled, without a date for the next one being agreed. The UAE on Friday accepted a proposal from Saudi Arabia and other OPEC+ members to raise output in stages by about 2 million bpd from August to December but rejected extending remaining cuts to the end of 2022 from a current end date of April without adjusting its current baseline production. On Monday, OPEC+ sources said the UAE's position was unchanged. They said a ministerial panel chaired by Saudi Arabia and Russia, the Joint Ministerial Monitoring Committee, needed more time to discuss the issue.

The White House said the U.S. is closely monitoring talks by OPEC and its partners. White House spokeswoman Jen Psaki, said the U.S. had a number of high level conversations with Saudi Arabia, UAE and other members and is "encouraged" about progress of the OPEC+ talks. Separately, she stated that President Biden wants U.S. access to affordable, reliable gasoline.

Iraqi Oil Minister, Ihsan Abdul Jabbar, said that his country is committed to the current agreement with OPEC and its allies and does not want to see oil prices increasing above current levels to achieve stability. He said "our aim is to achieve stable oil prices that are suitable for both consumers and producers".

Kremlin spokesman, Dmitry Peskov, said Russia's President, Vladimir Putin, has no plans to hold phone conversations with leaders of the other OPEC+ partners so far.

Early Market Call - as of 8:25 AM EDT

- WTI - Aug \$73.65, up 28 cents
- RBOB - Aug \$2.2316, up 31 points
- HO - Aug \$2.1180, up 1.31 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-21	2.1049	-0.0742	-0.0196
Sep-21	2.1074	-0.074	-0.0197
Oct-21	2.1072	-0.0739	-0.0208
Nov-21	2.1056	-0.0737	-0.0218
Dec-21	2.103	-0.0737	-0.0228
Jan-22	2.1004	-0.0734	-0.0232
Feb-22	2.0946	-0.0729	-0.0239
Mar-22	2.0838	-0.0719	-0.0241
Apr-22	2.0677	-0.0714	-0.0244
May-22	2.0548	-0.071	-0.0245
Jun-22	2.0454	-0.0707	-0.0243
Jul-22	2.0422	-0.0708	-0.0251
Aug-22	2.04	-0.0708	-0.0258
Sep-22	2.0383	-0.0708	-0.0275
Oct-22	2.0372	-0.0708	-0.0268
Nov-22	2.0356	-0.0708	-0.0276
Dec-22	2.0332	-0.0708	-0.0281

Sprague HeatCurve October 2021-April 2022		\$2.0954
	Close	Change
Crude - WTI	\$72.5800	-\$1.7800
Crude - Brent	\$74.5300	-\$2.6300
Natural Gas	\$3.6370	-\$0.0630
Gasoline	\$2.2282	-\$0.0716

ICE September Brent-WTI Spread



August Heating Oil Crack Spread

August RBOB Crack Spread

