

Market Commentary

Recap: Oil futures traded at their highest level in four months on Wednesday, on the back of the biggest weekly decline in U.S. crude oil inventories so far this year. The higher move came despite the fact that OPEC+ reached an agreement to taper record production cuts starting next month. The 7.5 million barrel draw in crude stockpiles, push August WTI above \$41 a barrel, for a settle of \$41.20, a gain of 91 cents, or 2.3%. September Brent added 89 cents, or 2.2%, to settle at \$43.79 a barrel. Products also gained, with August RBOB tacking on 1.4%, to settle at \$1.2645 a gallon and August heating oil adding 2%, to settle at \$1.2448 a gallon.

Technical Analysis: Although the decline in U.S. crude oil inventories gave rise to WTI, the U.S. is still in the midst of the coronavirus pandemic, with cases growing in the west and lower region of the country. This has led to the reimposing of shutdowns in some cities, which may impact demand. This, combined with a huge drop in imports, may make this move a bit too aggressive. The move may have been more about emotion, as the stock market continues to post gains, nourishing bullish sentiment. As long as WTI can stay above the minor ascending trend line, which is currently set at \$39.19, we would look for prices to continue to work higher. Below the trend line, additional support is set at \$37.11, the 50-day moving average and below that at \$35. Resistance is set at \$41.63 and \$44.36.

Fundamental News: The head of the IEA, Fatih Birol, said the global oil markets are slowly rebalancing and sees a \$40/barrel price in the coming months.

A ministerial panel of OPEC and its allies, including Russia, agreed on Wednesday on moving to the next phase of a pact on oil output cuts by easing reductions starting in August. The panel, known as JMMC, also agreed on a compensation schedule by some countries who have produced above their targets in May and June, which means the effective cuts will be deeper even after cuts are formally eased.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman Al Saud, said the OPEC+ producers are moving to the next phase of the oil output cuts agreement and will ease record oil supply cuts starting in August. OPEC+ producers have been cutting output by 9.7 million bpd since May. After July, the record cuts are due to fall to 7.7 million bpd until December. Saudi Arabia's Energy Minister said the effective cuts will be deeper than 7.7 million bpd due to compensation by countries which overproduced in previous months. In December, OPEC+ producers will review how long oil cuts will last. He said the easing of cuts will be consumed as demand will continue to recover. He also stated that there will be no increase in Saudi oil exports in August. He stated that crude oil prices are not positive for the industry and added that bankruptcies will continue.

Russia's Energy Minister, Alexander Novak, said the expected easing of oil output cuts by the OPEC+ group starting in August to 7.7 million bpd is justifiable and in line with the market trends. He said the global oil demand has been on the rise after it had reached its lowest level in April due to the fallout from the coronavirus pandemic. He said Russia will increase its oil output by about 400,000 bpd from August.

Native American tribes will file a response by next week opposing a U.S. court's order that allows the Dakota Access oil pipeline to keep flowing. The U.S. Court of Appeals for the District of Columbia granted Dakota Access an administrative stay on Tuesday while it considers whether the line should be shut to address permitting issues dating to 2017. Tuesday's ruling means Energy Transfer LP can keep oil flowing through the 570,000 bpd pipeline.

Early Market Call - as of 8:15 AM EDT

WTI - Aug \$40.81, down 39 cents

RBOB - Aug \$1.2582, down 63 points

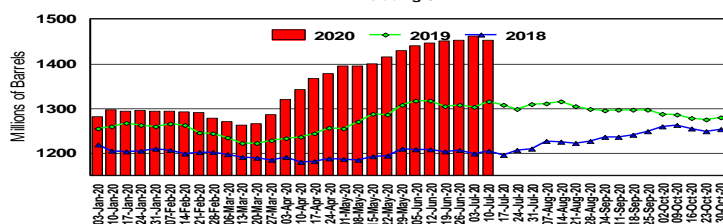
HO - Aug \$1.2381, down 67 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-20	1.2448	0.0240	-0.0104
Sep-20	1.2575	0.0216	-0.0085
Oct-20	1.2718	0.0204	-0.0082
Nov-20	1.2857	0.0187	-0.0072
Dec-20	1.2978	0.0174	-0.0059
Jan-21	1.3106	0.0163	-0.0051
Feb-21	1.3207	0.0157	-0.0049
Mar-21	1.3263	0.0153	-0.0050
Apr-21	1.3269	0.0146	-0.0051
May-21	1.3316	0.0140	-0.0049
Jun-21	1.3387	0.0136	-0.0052
Jul-21	1.3516	0.0132	-0.0057
Aug-21	1.3638	0.0128	-0.0064
Sep-21	1.3746	0.0126	-0.0072
Oct-21	1.3848	0.0123	-0.0077
Nov-21	1.3950	0.0120	-0.0084
Dec-21	1.4037	0.0118	-0.0091

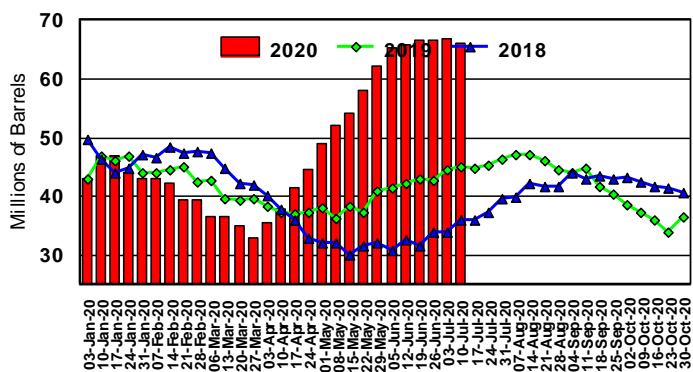
Sprague Heat Weighted Strip October -April 20/2021		\$1.3085
	Close	Change
Crude - WTI	\$41.4000	\$0.8500
Crude - Brent	\$43.7900	\$0.8900
Natural Gas	\$1.7780	\$0.0320
Gasoline	\$1.2645	\$0.0171

Total U.S. Oil Stocks
Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending July 10, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 7.493 million barrels

Cushing, OK Crude Stocks Up 949,000 barrels

Gasoline Stocks Down 3.147 million barrels

Distillate Stocks Down 453,000 barrels

Refinery % Operated 78.1%, up 0.6%

PADD #1

Distillate Stocks (in million bbls)	Week Ending July 10, 2020	Week Ending July 3, 2020	Week Ending July 11, 2019
New England	12.8	13.0	6.4
Central Atlantic	39.3	39.2	25.9
Total PADD #1	66.0	66.8	45.1
Distillate Imports (thousands b/d)	93	57	113