

## Market Commentary

**Recap:** Oil futures fell sharply on Monday, as China took additional steps to limit the spread of the delta variant of COVID-19, underlining fears about global demand for crude oil. U.S. congressional battles over budget and infrastructure, to an alarming report about the warming of the planet also added to the pressure. Customs data out of China also contributed to the weakness, showing July crude imports of 9.7 million barrels a day, roughly in line with June and remaining below 10 million barrels a day for a fourth consecutive month. Both Brent and WTI trade at their lowest intraday levels since May. September WTI fell as much as 4.5%, to a session low of \$65.15 a barrel, while October Brent lost as much as 4.3%, dropping to a low of \$67.60 a barrel. The markets later retraced some of its losses, with WTI settling down \$1.80 or 2.64% at \$66.48 and Brent settling down \$1.66 or 2.35% at \$69.04. The product markets also settled in negative territory, with the heating oil market settling down 4.24 cents at \$2.0421 and the RBOB market settling down 2.21 cents at \$2.2348.

**Technical Analysis:** The oil market, which extended last week's steep losses, is seen continuing on its downward trend amid the concerns over new coronavirus-related restrictions in Asia, particularly in China, that could impact economic activity. The market is seen finding support at \$65.15, \$65.01, \$64.60 and \$63.10. Meanwhile, resistance is seen at its high of \$67.90, \$70.18, \$70.81 and \$73.95.

**Fundamental News:** European gasoline arrivals in the U.S. increased to the highest level in three-weeks in the seven days through August 5<sup>th</sup>. Transatlantic gasoline arrivals in the U.S. increased to 479,000 bpd, the highest since the week ending July 15<sup>th</sup>, compared with a revised 292,000 bpd in the previous week. Eleven tankers discharged a total of 3.06 million barrels on the East Coast and two ships arrived with 291,000 bpd in the Gulf Coast.

China has switched from driving global demand for major commodities to being a drag on growth, with July's customs data confirming the weakening trend for imports of crude oil, iron ore and copper. The General Administration of Customs reported that China brought in 41.24 million tons in July, equivalent to 9.71 million bpd. This was down from June's 9.76 million bpd, slightly above May's 9.65 million bpd, and below April's 9.82 million bpd. Crude imports for the first seven months of this year totaled 301.83 million tons or 10.44 million bpd, down 5.6% for the same period in 2020.

Saudi Aramco Chief Executive, Amin Nasser, said that he sees a recovery in global oil demand which is expected to reach 99 million bpd by the end of the year and that the growth will continue thereafter. He said Saudi Aramco is still working to increase its own crude production capacity to 13 million bpd. He said the majority of its oil production capacity increase will be from offshore.

Vortexa reported that the amount of crude held around the world on tankers that have been stationary for at least 7 days increased to 92.13 million barrels as of August 6<sup>th</sup>. It is up 6.7% from 86.31 million barrels in the week ending July 30<sup>th</sup>.

IIR Energy reported that U.S. oil refiners are expected to shut in 176,000 bpd of capacity in the week ending August 13<sup>th</sup>, increasing available refining capacity by 144,000 bpd. Offline capacity is expected to fall to 145,000 bpd in the week ending August 20<sup>th</sup>.

**Early Market Call - as of 8:15 AM EDT**

WTI - Sep \$67.77, up \$1.29

RBOB - Sep \$2.2593, up 2.46 cents

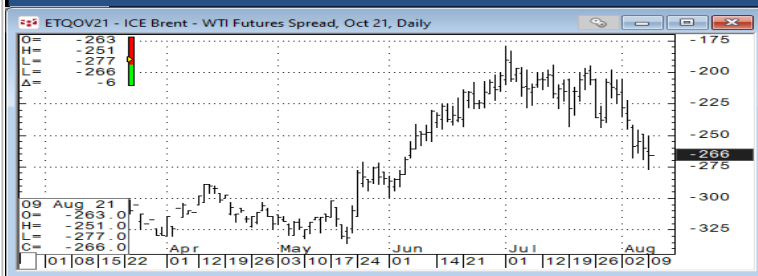
HO - Sep \$2.0627, up 2.08 cents

## All NYMEX | Prior Settlements

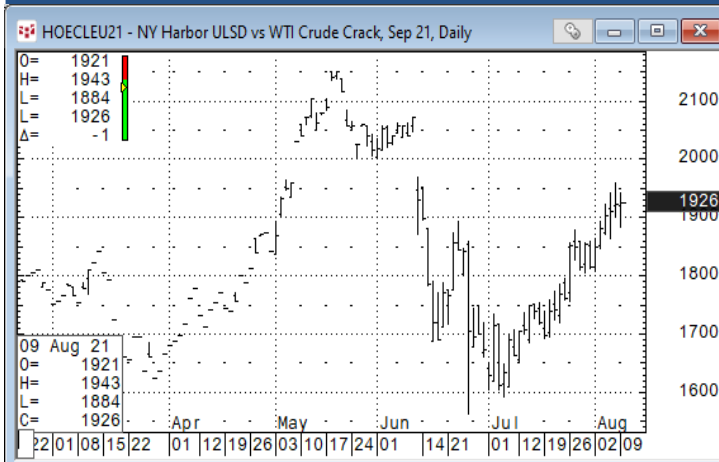
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-21	\$2.0421	-\$0.0424	-\$0.0937
Oct-21	\$2.0453	-\$0.0428	-\$0.0911
Nov-21	\$2.0459	-\$0.0429	-\$0.0895
Dec-21	\$2.0444	-\$0.0435	-\$0.0883
Jan-22	\$2.0425	-\$0.0442	-\$0.0859
Feb-22	\$2.0375	-\$0.0449	-\$0.0835
Mar-22	\$2.0275	-\$0.0454	-\$0.0806
Apr-22	\$2.0133	-\$0.0444	-\$0.0770
May-22	\$2.0053	-\$0.0431	-\$0.0727
Jun-22	\$2.0012	-\$0.0417	-\$0.0690
Jul-22	\$2.0017	-\$0.0409	-\$0.0665
Aug-22	\$2.0024	-\$0.0404	-\$0.0645
Sep-22	\$2.0032	-\$0.0398	-\$0.0637
Oct-22	\$2.0038	-\$0.0399	-\$0.0618
Nov-22	\$2.0042	-\$0.0399	-\$0.0611
Dec-22	\$2.0026	-\$0.0405	-\$0.0613
Jan-23	\$2.0015	-\$0.0407	-\$0.0603

Sprague HeatCurve October 2021-April 2022		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$2.74	\$66.3000	-\$1.8000
Crude - Brent		\$69.0400	-\$1.6600
Natural Gas		\$4.0600	-\$0.0800
Gasoline		\$2.2348	-\$0.0221

### ICE October Brent-WTI Spread



## September Heating Oil Crack Spread



## September RBOB Crack Spread

