

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil futures rebounded after opening lower on the day, but remained on track to post weekly gains with demand growing faster than supply, while vaccinations are expected to alleviate the impact of the Delta variant of COVID-19 infections across the globe. Even with coronavirus cases rising in the United States, all around Asia and parts of Europe, analysts said higher vaccination rates would limit the need for the harsh lockdowns that gutted demand during the peak of the pandemic last year. Last week's decline in U.S. crude oil inventories is also supportive for this market. September WTI rose 33 cents, nearly 0.5%, to settle at \$73.95 a barrel, up 2.5% on the week and the highest front-month finish since July 13. September Brent settled at \$76.33 a barrel, up 28 cents, or 0.4%, around 3% higher on the week. October Brent added 31 cents, or 0.4%, to settle at \$75.41 a barrel. Petroleum products were also higher, with August RBOB up 0.6% at nearly \$2.37 a gallon, the highest since October 2014, with prices settling 5.4% higher for the month. August heating oil added 0.5% at \$2.20 a gallon, for a monthly rise of 3.3%. The August contracts expired at the end of the session.

**Technical Analysis:** Once again, WTI is showing signs of strength, as it pulled above \$74, opening up the possibility for a run at \$75. At this point, there appears to be enough support underneath this market, as it continues to build a floor down around the key psychological support level of \$70. Given the market's resilience after bouncing back from the recent selloff, we think it is only a matter of time before we see \$75, as it seems traders are willing to carry risk over the weekend. Above the \$75 level, additional resistance is set at \$76.98. To the downside, support is set at \$72.95 and below that at \$71.10.

**Fundamental News:** According to the EIA reported that U.S. crude production increased by 80,000 bpd in May to 11.231 million bpd. The EIA also revised its estimate of April production by 18,000 bpd to 11.151 million bpd. U.S. crude oil exports in May fell to 2.736 million bpd from 3.283 million bpd in April, while U.S. total refined oil product exports fell to 2.658 million bpd in May from 2.798 million bpd in April. U.S. distillates fuel exports fell to 1.013 million bpd in May from 1.133 million bpd in April, while gasoline exports increased to 840,000 bpd in May from 738,000 bpd in April. U.S. distillate demand in May stood at 3.874 million bpd in May, while U.S. gasoline demand in May stood at 9.137 million bpd.

U.S. energy firms cut the number of oil and natural gas rigs operating for the first time in eight weeks, even though the rig count increased for 12 straight months. Baker Hughes reported that the U.S. oil and gas rig count fell by three to 488 in the week ending July 30<sup>th</sup>.

Russia's Deputy Prime Minister, Alexander Novak, said that oil consumption is increasing and the decision by the OPEC+ group of leading oil producers to raise combined output by 400,000 bpd was "adequate". Separately, he said Russia's oil production is seen reaching 10.5 million bpd in May 2022, recovering to pre-crisis levels, as the OPEC+ group have been easing output curbs. He said Russia is able to raise its output to 11.3 million bpd by the end of 2022. He said that Russia has the potential to reach oil production of 11.5 million bpd ten months after May 2022.

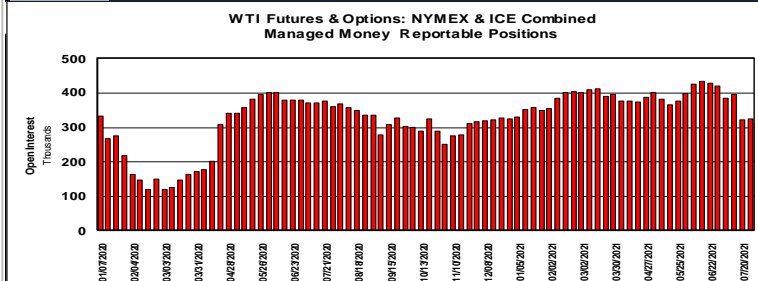
According to a Reuters survey, OPEC oil output increased in July to its highest level since April 2020, as the group further eased production cuts under a pact with its allies and Saudi Arabia phased out a voluntary supply cut. OPEC produced 26.72 million bpd, up 610,000 bpd from June's revised estimate.

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

WTI - Sep \$73.09, down 86 cents  
 RBOB - Sep \$2.3153, down 1.97 cents  
 HO - Sep \$2.1763, down 1.91 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-21	\$2.1994	\$0.0100	\$0.0655
Sep-21	\$2.1956	\$0.0035	\$0.0602
Oct-21	\$2.1964	\$0.0047	\$0.0612
Nov-21	\$2.1948	\$0.0047	\$0.0622
Dec-21	\$2.1916	\$0.0046	\$0.0634
Jan-22	\$2.1866	\$0.0045	\$0.0641
Feb-22	\$2.1785	\$0.0047	\$0.0647
Mar-22	\$2.1649	\$0.0047	\$0.0640
Apr-22	\$2.1460	\$0.0042	\$0.0626
May-22	\$2.1327	\$0.0035	\$0.0610
Jun-22	\$2.1241	\$0.0030	\$0.0600
Jul-22	\$2.1213	\$0.0031	\$0.0598
Aug-22	\$2.1194	\$0.0030	\$0.0593
Sep-22	\$2.1175	\$0.0028	\$0.0574
Oct-22	\$2.1166	\$0.0028	\$0.0586
Nov-22	\$2.1158	\$0.0030	\$0.0586
Dec-22	\$2.1139	\$0.0030	\$0.0591

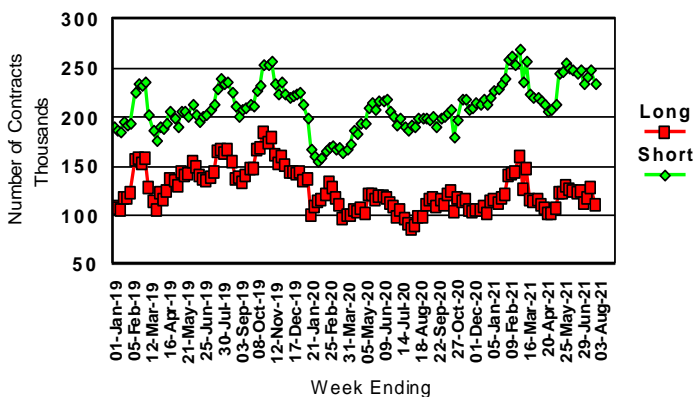
Sprague HeatCurve October 2021-April 2022		\$2.1807
	Close	Change
Crude - WTI	\$73.9500	\$0.3300
Crude - Brent	\$76.3300	\$0.2800
Natural Gas	\$3.9140	-\$0.1450
Gasoline	\$2.3659	\$0.0145



## Commitment of Traders Report for the Week Ending July 27, 2021

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

