

## Market Commentary

**Recap:** Oil futures climbed by almost 2% on Thursday, following two days of declines. Slight economic improvements in the U.S.; cuts Russian oil exports and word from the White House Economic Advisor that the U.S. would not shut the economy down gave the market a boost, but the spreading of the coronavirus in some states and other countries limited gains. August WTI tacked on 71 cents, or 1.9%, to settle at \$38.72 a barrel, following a nearly 5.9% decline on Wednesday, which marked its lowest finish for a front-month contract in a week, according to Dow Jones Market Data. August Brent added 74 cents, or 1.8%, to settle at \$41.05 a barrel, after falling 5.4% on Wednesday. July RBOB lost 0.2% to \$1.1942 a gallon, but July heating oil rose 0.4% to \$1.1556 a gallon.

**Technical Analysis:** For the second straight session, August WTI held above the bottom trend line of the ascending channel that can be depicted on the daily bar chart for the August contract. This market appears to be trying to find direction, as it continues to trade between the range of \$35 and \$41. A break above \$41, should be followed by attempts to fill the gap, while breaks below \$35 should lead to a selloff down toward \$30.

**Fundamental News:** Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, June 23<sup>rd</sup> fell by 956,965 barrels but increased by 455,909 barrels from Friday, June 19<sup>th</sup> to 48,215,756 barrels.

U.S. energy companies halted the return of their staff to their Houston offices as COVID-19 cases increased and top hospitals warned they could soon run out of beds for the most severely ill patients. Texas Governor Greg Abbott has led a phased reopening of shops, bars and amusement parks from May 1<sup>st</sup>, and businesses have rolled out their own office restarts. However, on Wednesday, he warned of a "massive outbreak" and urged people to stay at home. Many energy firms qualify as essential, and therefore are free to staff normally, but the surge in illness and hospitalizations has large employers delaying or halting openings. Halliburton Co has delayed for two weeks a second-phase of its return-to-work plan. Chevron also has delayed its reopening plans for further evaluation. Midcoast Energy, a natural gas pipeline company, reopened on June 1<sup>st</sup> then sent Houston employees home three weeks later after two tested positive for the virus. Exxon Mobil, Phillips 66 and ConocoPhillips returned some white-collar workers to their campuses in May or this month. Exxon will remain below 50% capacity at its Houston-area facility. Conoco is prepared to change its return-to-office plan if needed. Phillips 66 said the vast majority of its staff had returned and would remain working from their offices.

Saudi Arabia's General Authority for Statistics said the value of Saudi Arabia's oil exports fell by 65.4% in April when compared to the same month a year earlier, or a fall of about \$12 billion. Compared with March, total exports, including non-oil exports of goods such as chemicals and plastics, decreased by 23.5%, or about \$3 billion. The value of Saudi Arabia's oil exports in the first quarter fell by 21.9% or \$11 billion on the year to \$40 billion.

Iran's President, Hassan Rouhani, said the country plans to export oil from a port on its Gulf of Oman coast by March, a shift that would avoid using the Strait of Hormuz shipping route.

According to a report by the EIA, U.S. crude oil refining capacity increased by nearly 1% in 2019, or 173,650 bpd to nearly 19 million bpd, a new record. The report on national refining capacity was assembled from reports filed by owners of the nation's 135 refineries. The number of total refineries was unchanged, but the number of idle plants grew by one to four.

**Early Market Call - as of 8:37 AM EDT**

WTI - Aug \$38.31 down 41 cents  
 RBOB - July \$1.1928 down 14 points  
 HO - July \$1.1520 down 36 points

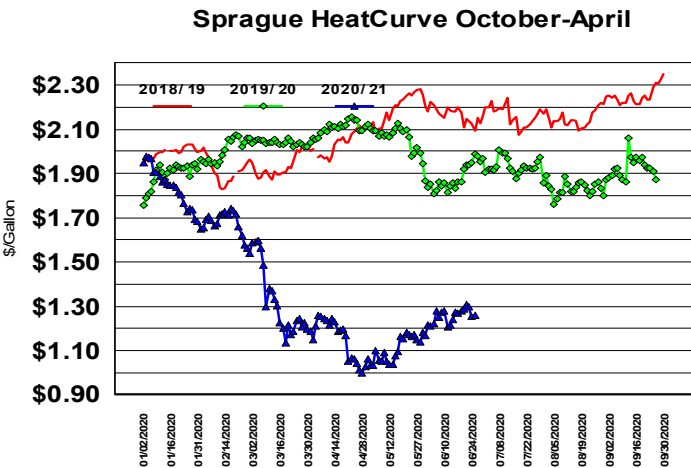
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-20	\$1.1556	\$0.0048	\$0.0430
Aug-20	\$1.1695	\$0.0038	\$0.0414
Sep-20	\$1.1924	\$0.0061	\$0.0351
Oct-20	\$1.2153	\$0.0082	\$0.0287
Nov-20	\$1.2341	\$0.0085	\$0.0237
Dec-20	\$1.2487	\$0.0084	\$0.0199
Jan-21	\$1.2636	\$0.0085	\$0.0166
Feb-21	\$1.2757	\$0.0091	\$0.0138
Mar-21	\$1.2835	\$0.0097	\$0.0113
Apr-21	\$1.2855	\$0.0096	\$0.0094
May-21	\$1.2899	\$0.0102	\$0.0079
Jun-21	\$1.2957	\$0.0106	\$0.0068
Jul-21	\$1.3088	\$0.0111	\$0.0055
Aug-21	\$1.3210	\$0.0114	\$0.0042
Sep-21	\$1.3317	\$0.0115	\$0.0030
Oct-21	\$1.3418	\$0.0113	\$0.0024
Nov-21	\$1.3513	\$0.0111	\$0.0016

Sprague Heat Weighted Strip October -April 20/2021		Close	Change
Crude - WTI	Aug Brent- WTI Spread \$2.33	\$38.7200	\$0.7100
Crude - Brent		\$41.0500	\$0.7400
Natural Gas		\$1.4820	-\$0.1150
Gasoline		\$1.1942	-\$0.0022

EIA Working Gas Storage Report				
	19-Jun-20	12-Jun-20	Change	Year Ago
East	619	586	33	491
Midwest	716	688	28	528
Mountain	165	156	9	124
Pacific	299	290	9	242
South Central	1,212	1,173	39	888
Salt	372	358	14	263
Nonsalt	840	815	25	625
Total	3,012	2,892	120	2,273

## Sprague HeatCurve October-April



## ICE August Brent-WTI Spread

