

Market Commentary

Recap: Oil futures settled mixed on Monday, with U.S. prices pressured by the increase in the number of Covid19 cases, while Brent held firm after Saudi Arabia raised its prices amid optimism that China's economy is starting to recover. A blockade of oil-producing Libya remains in place, hindering exports from the north African country and helping to fuel expectations that supplies may tighten more than expected. August WTI fell 2 cents, or 0.05%, to settle at \$40.63 a barrel, after posting a 5% gain on Thursday. Brent for September delivery added 30 cents or 0.7% to finish at \$43.10 a barrel. August RBOB fell by 1.5% to \$1.2408 a gallon, while August heating oil tacked on 0.9% to \$1.2417 a gallon.

Technical Analysis: For the first time since March, WTI settled above \$40.59, the 50% retracement marked by the January high of \$74.19 and the April low of \$7.00. With the summer driving season upon us, oil demand showing signs of increasing and coronavirus lockdowns continuing to ease in some parts of the U.S.; it's quite possible for this market to gain some momentum to the upside. Basis the August contract, there is resistance set at \$42.17, the top of the gap for August. Above this level, additional resistance is set at \$46.19. Support is set at \$40.59 and below that at \$37.08 and \$35.

Fundamental News: A U.S. District Court ordered Energy Transfer LP to shut and empty the Dakota Access oil pipeline within 30 days. Energy Transfer's 570,000 bpd Dakota Access oil pipeline is a vital artery to transport oil out of North Dakota's Bakken shale basin to the Midwest and Gulf Coast refineries. The court said the U.S. Army Corps of Engineers violated the National Environmental Policy Act when it granted an easement to Energy Transfer to construct and operate a segment of the pipeline running beneath Lake Oahe, because they failed to produce and adequate Environmental Impact Statement despite a requirement for it. Meanwhile, Energy Transfer will immediately file a motion to stay a U.S. district court decision on Monday to shut the Dakota Access pipeline.

U.S. Energy Secretary Dan Brouillette said that he blames activists for a pair of high-profile pipeline setbacks in recent days, including a court's decision to force Energy Transfer Partners to close its Dakota Access crude oil pipeline over its environmental impact study.

Kuwait's Oil Ministry reported that crude oil production resumed in early July at the Wafra oilfield, shared by Kuwait and Saudi Arabia, after a five-year halt. Saudi Arabian Chevron, which jointly operates the Wafra field with Kuwait Gulf Oil Company, said in a statement in June that the two companies were making preparations to resume operations. Initial output at the Wafra oilfield is seen at 10,000 bpd, before rising to 70,000 bpd at the end of August, and then up to 145,000 bpd by the end of 2020. Production also resumed on Monday at another shared field, Khafji, on July 1st. Output from Khafji oilfield, which was halted for a month, is expected to be about 80,000 bpd on July 1st, before rising to 100,000 bpd two months later. Production is expected to reach 175,000 bpd from Khafji field by end of the year.

IIR Energy reported that U.S. oil refiners are expected to shut in about 3.9 million bpd of capacity in the week ending July 10th, increasing available refining capacity by 27,000 bpd from the previous week. Offline capacity is expected to fall to 3.7 million bpd in the week ending July 17th.

Early Market Call - as of 8:35 AM EDT

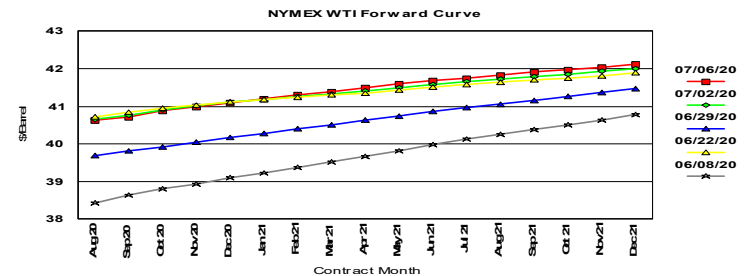
WTI - Aug \$40.34 down 29 cents
 RBOB - Aug \$1.2435 up 27 points
 HO - Aug \$1.2303 down 1.14 cents

All NYMEX | Prior Settlements

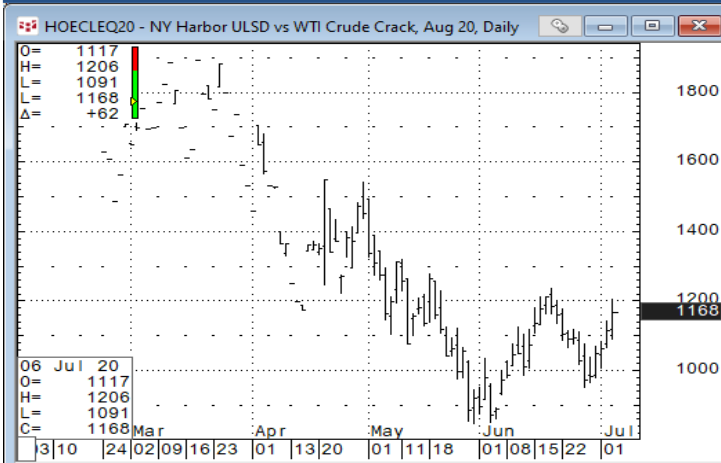
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-20	1.2417	0.0106	-0.0642
Sep-20	1.2536	0.0099	-0.0545
Oct-20	1.2672	0.0089	-0.0458
Nov-20	1.2810	0.0079	-0.0400
Dec-20	1.2929	0.0069	-0.0367
Jan-21	1.3058	0.0063	-0.0349
Feb-21	1.3157	0.0061	-0.0330
Mar-21	1.3207	0.0059	-0.0302
Apr-21	1.3199	0.0052	-0.0274
May-21	1.3230	0.0053	-0.0257
Jun-21	1.3285	0.0055	-0.0247
Jul-21	1.3402	0.0051	-0.0238
Aug-21	1.3513	0.0049	-0.0233
Sep-21	1.3609	0.0044	-0.0224
Oct-21	1.3701	0.0040	-0.0216
Nov-21	1.3790	0.0033	-0.0209
Dec-21	1.3868	0.0029	-0.0204

Sprague Heat Weighted Strip October-April 20/2021		\$1.3033
	Close	Change
Crude - WTI	\$40.7300	-\$0.0300
Crude - Brent	\$43.1000	\$0.3000
Natural Gas	\$1.8300	\$0.0960
Gasoline	\$1.2408	-\$0.0184

WTI Forward Curve



August Heating Oil Crack Spread



August RBOB Crack Spread

