

Market Commentary

Recap: Oil prices rose on Wednesday after the EIA reported a 10.6 million barrel draw in U.S. crude oil inventories, the largest drop so far this year. However, gains were contained by another record day for reported new cases of coronavirus worldwide, and an unexpected rise in gasoline supplies. WTI for September delivery rose 23 cents, or 0.6%, to settle at \$41.27 a barrel. It was trading at \$41.32 just ahead of the EIA supply data. September Brent climbed 53 cents, or 1.2%, to close at \$43.75 a barrel. August RBOB fell 2 cents, or 1.9%, to \$1.2415 a gallon, while August heating oil added 1 cent, or 0.9%, to \$1.2533 a gallon.

Technical Analysis: It appears that traders are more concerned about the demand aspect of crude oil, as prices showed little reaction to the inventories numbers released. From a technical perspective, WTI has been trading within a \$2.5 range, with the \$40 level providing support and the 200-day moving average, currently set at \$42.47, acting as resistance. As mentioned previously, a break above the 200-day moving average opens up for a run at \$46.19. To the downside, support rests at \$38.75 and below that at \$37.32. With September WTI settling below the ascending trend line for the second straight session, we would look for further downside movement.

Fundamental News: The U.S. Energy Information Administration reported that U.S. distillate stockpiles in the week ending July 24th increased to 178.4 million barrels, their highest since December 1982. It also reported that U.S. crude stocks posted its largest draw last week since late December 2019. Refinery utilization increased to 79.5% of total capacity in the week to July 24th, the highest since late March.

North Dakota plans to spend \$66 million to plug wells abandoned by oil and gas companies in the U.S. state after the pandemic cut demand for crude, causing a plunge in prices. A spokeswoman for the North Dakota Oil and Gas Division, Katie Haarsager, said the \$66 million has come from the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. The move is expected to create jobs and keep some of the oilfield services companies at work in the second-largest oil producing state.

The United Arab Emirates' ADNOC will cut September crude oil nominations by 5% for all grades. The cut in crude grades - Murban, Umm Lulu, Das, and Upper Zakum - is in line with the OPEC+ oil supply cut pact.

IIR Energy reported that U.S. oil refiners are expected to shut in 3.9 million bpd of capacity in the week ending July 31st, cutting available refining capacity by 131,000 bpd from the previous week. Offline capacity is expected to increase to about 4.0 million bpd in the week ending August 7th.

The Federal Reserve on Wednesday reiterated a pledge to use its "full range of tools" to support the U.S. economy and keep interest rates near zero for as long as it takes to recover from the fallout from the coronavirus outbreak, saying the path of the economy will depend significantly on the course of the virus. The Federal Reserve maintained its key overnight interest rate in target range of 0% to 0.25%. It said the ongoing health crisis will weigh heavily on economic activity, employment, and inflation in the near term.

The United States' trade deficit in goods fell sharply in June amid a rebound in exports after several months of declines when the COVID-19 pandemic disrupted the flow of goods. The Commerce Department said the goods trade gap fell by 6.1% to \$70.6 billion in June. Exports of goods increased 13.9% to \$102.3 billion, offsetting a 4.8% increase in imports to \$173.2 billion.

Early Market Call - as of 8:30 AM EDT

WTI - Sep \$40.25, down \$1.01

RBOB - Aug \$1.2107, down 3.08 cents

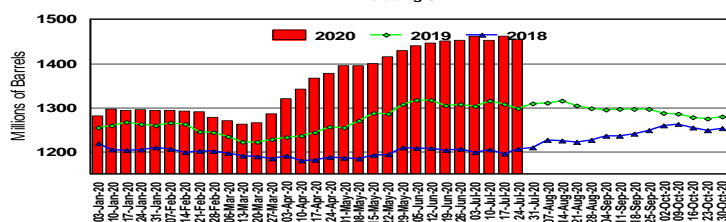
HO - Aug \$1.2179, down 3.54 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-20	1.2533	0.0112	0.0174
Sep-20	1.2618	0.0124	0.0192
Oct-20	1.2760	0.0118	0.0181
Nov-20	1.2926	0.0115	0.0163
Dec-20	1.3082	0.0114	0.0138
Jan-21	1.3234	0.0117	0.0114
Feb-21	1.3347	0.0118	0.0093
Mar-21	1.3413	0.0117	0.0070
Apr-21	1.3427	0.0114	0.0054
May-21	1.3472	0.0115	0.0041
Jun-21	1.3542	0.0112	0.0019
Jul-21	1.3676	0.0113	0.0002
Aug-21	1.3803	0.0110	-0.0010
Sep-21	1.3919	0.0110	-0.0026
Oct-21	1.4028	0.0110	-0.0037
Nov-21	1.4130	0.0110	-0.0044
Dec-21	1.4213	0.0109	-0.0049

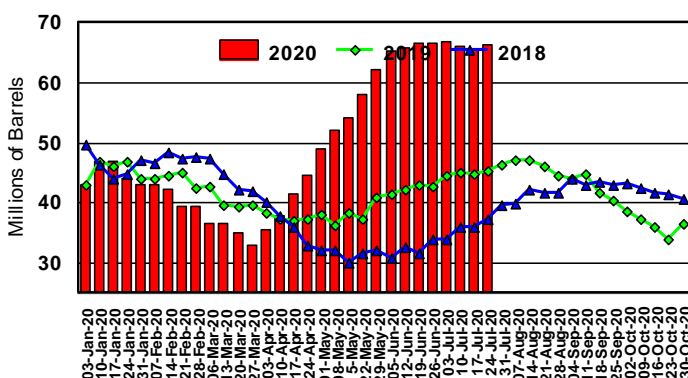
Sprague Heat Weighted Strip October -April 20/2021		\$1.3204	
		Close	Change
Crude - WTI	Sep Brent- WTI Spread \$2.48	\$41.2700	\$0.2300
Crude - Brent		\$43.7500	\$0.5300
Natural Gas		\$1.8540	\$0.0540
Gasoline		\$1.2415	-\$0.0241

Total U.S. Oil Stocks
Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending July 24, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 10.611 million barrels
Cushing, OK Crude Stocks Up 1.309 million barrels
Gasoline Stocks Up 654,000 barrels
Distillate Stocks Up 503,000 barrels
Refinery % Operated 79.5%, up 1.6%

PADD #1

Distillate Stocks (in million bbls)	Week Ending July 24, 2020	Week Ending July 17, 2020	Week Ending July 25, 2019
New England	13.0	12.7	6.3
Central Atlantic	38.4	38.6	26.4
Total PADD #1	66.2	65.5	45.2
Distillate Imports (thousands b/d)	136	43	60