

Market Commentary

Recap: Oil prices declined for the third straight session as the coronavirus spread in China and after the EIA reported a 3.63 million barrel build in U.S. crude oil inventories, the largest gain since March. After eking out a small advance in July, August is proving to be tough for crude. Tightened controls in some Asian nations to curb the spread of the virus risk eroding oil demand at a time when the Organization of Petroleum Exporting Countries and its allies are gradually increasing supply. September WTI fell to fresh two-week lows, dropping for the third straight day. This spot contract settled at \$68.15 a barrel, down \$2.41, or 3.4%. October Brent lost \$1.99, September RBOB fell 2.08 cents or 0.92% to \$2.2500 a gallon. This spot contract was down 11.59 cents or 4.90% over the last three sessions. RBOB futures are up 84.16 cents or 59.76% year-to-date. September heating oil settled at \$2.0741 a gallon, down .0523 cents, or 2.4%.

Technical Analysis: The main trend for WTI has shifted to the downside, with slow stochastics crossing to the downside in neutral territory, supporting additional downward moves. September WTI is working its way toward a long standing upward trend line, which is set at \$67.80 for Thursday's session. Should we get a clear break of this line, we could see a drop toward \$65.01, a near term bottom made back on July 20. A push below this level sets up for a run toward \$63.63. Resistance is set at \$69.71 and above that at \$71.10

Fundamental News: The EIA reported that U.S. crude stocks at the Cushing, Oklahoma, storage hub fell last week to the lowest since January 2020. Crude inventories at Cushing fell to 34.9 million barrels. Meanwhile, Midwest crude inventories fell to 118.3 million barrels, lowest since October 2018. The EIA also reported that U.S. Gulf Coast refinery utilization rate increased to the highest level since January.

U.S. Gulf Coast refined fuel cargo volumes to Mexico in July fell by 6% on the month, marking two consecutive months of reductions along those routes even as flows from all sources into Latin America is increasing. Total cargo volumes from USGC to Mexico was 14.5 million barrels or 467,000 bpd, down from 15.4 million barrels or 514,000 bpd in June.

IIR Energy reported that U.S. oil refiners are expected to have 153,000 bpd of capacity offline in the week ending August 6th, increasing available refining capacity by 248,000 bpd. Offline capacity is expected to fall to 120,000 bpd in the week ending August 13th.

Demand for gasoline in Mexico, the largest buyer of U.S. fuels, increased in June by 1% on the month to 576,100 bpd. Gasoline demand in June was equivalent to about 85% of pre-pandemic levels, down 20% from June 2019 levels. Diesel demand fell by 2.3% on the month to 176,200 bpd or 75% of levels seen before the pandemic and down 34% from June 2019 levels. Meanwhile, demand for jet fuel reached a 15-month high as it increased by 3.5% on the month. Demand was about 72% of pre-pandemic levels and down 27% from June 2019 levels.

The National Oceanic and Atmospheric Administration revised upward its outlook for the 2021 Atlantic hurricane season, estimating there was a 65% chance of an above-normal season compared with a previous report that called for a 60% chance. It anticipates there will be between 15 and 21 named storms this season. A previous outlook had called for 13 to 20 named storms. The NOAA is still predicting between three and five major hurricanes, and has held the upper limit of anticipated hurricanes at ten.

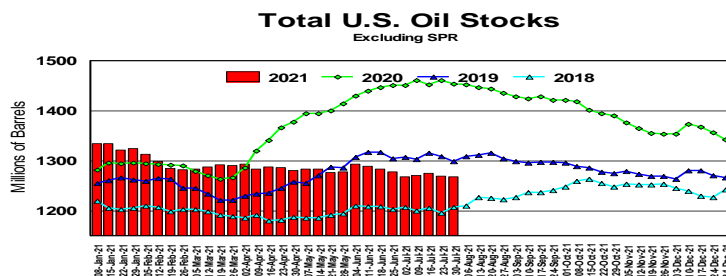
Early Market Call - as of 8:10 AM EDT

WTI - Sep \$68.26, up 11 cents
 RBOB - Sep \$2.2579, up 80 points
 HO - Sep \$2.0780, up 42 points

All NYMEX | Prior Settlements

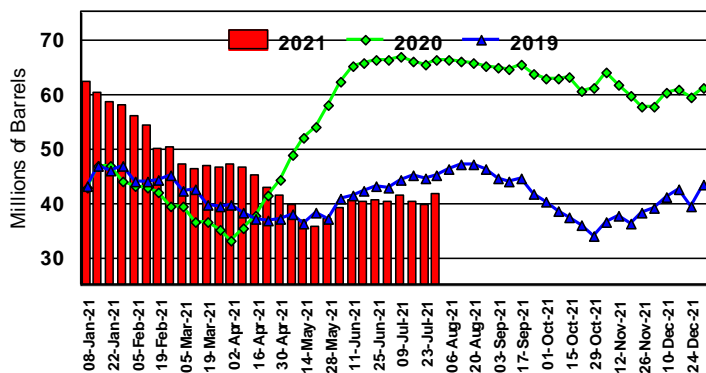
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-21	\$2.0741	-\$0.0523	-\$0.0836
Oct-21	\$2.0770	-\$0.0511	-\$0.0801
Nov-21	\$2.0780	-\$0.0501	-\$0.0771
Dec-21	\$2.0768	-\$0.0492	-\$0.0749
Jan-22	\$2.0746	-\$0.0479	-\$0.0723
Feb-22	\$2.0688	-\$0.0470	-\$0.0700
Mar-22	\$2.0580	-\$0.0461	-\$0.0677
Apr-22	\$2.0432	-\$0.0444	-\$0.0648
May-22	\$2.0338	-\$0.0431	-\$0.0626
Jun-22	\$2.0285	-\$0.0419	-\$0.0606
Jul-22	\$2.0283	-\$0.0409	-\$0.0585
Aug-22	\$2.0288	-\$0.0398	-\$0.0566
Sep-22	\$2.0298	-\$0.0386	-\$0.0556
Oct-22	\$2.0313	-\$0.0375	-\$0.0522
Nov-22	\$2.0326	-\$0.0367	-\$0.0504
Dec-22	\$2.0325	-\$0.0359	-\$0.0487
Jan-23	\$2.0318	-\$0.0350	-\$0.0472

Sprague HeatCurve October 2021-April 2022		\$2.0691
		Change
Crude - WTI	Oct Brent- WTI Spread	-\$2.2400
Crude - Brent	\$2.59	-\$2.0300
Natural Gas		\$0.1310
Gasoline		-\$0.0208



Weekly EIA Petroleum Status Report for the Week Ending July 30, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 3.627 million barrels
 Cushing, OK Crude Stocks Down 543,000 barrels
Gasoline Stocks Down 5.291 million barrels
Distillate Stocks Up 832,000 barrels
Refinery % Operated 91.3%, Up 0.2%

PADD #1

Distillate Stocks (in million bbls)	Week Ending July 30, 2021	Week Ending July 23, 2021	Week Ending July 31, 2020
New England	6.4	6.7	13.3
Central Atlantic	20.0	19.7	37.8
Total PADD #1	41.7	36.6	66.2
Distillate Imports (thousands b/d)	114	176	72