

Market Commentary

Recap: Oil futures ended slightly lower on Monday, reversing earlier gains, as traders continued to monitor demand for crude oil. The rally is being fueled by bullish demand optimism and steady OPEC+ supply cuts. Demand growth is expected to increase and more economies to reopen. WTI has risen about 8% so far this month as air travel and road traffic picks up in both the U.S. and Europe amid an acceleration in COVID-19 vaccination programs. In the U.S., daily air travelers topped 2 million for the first time since the pandemic began. Speculators are the most bullish in WTI in about three years. July WTI slipped 3 cents, or 0.04%, to settle at \$70.88 a barrel, its first loss in three sessions. August Brent tacked on 17 cents, or 0.2%, to settle at \$72.86 a barrel, the highest finish since April 2019. Petroleum products slipped a bit, with July RBOB down 0.7%, to \$2.17 a gallon and July heating oil shedding 0.4%, to \$2.11 a gallon.

Technical Analysis: While stronger fundamentals will continue to push this market higher, there is potential of running into headwinds. Among these headwinds are concern over gasoline demand and the potential for new oil supply from Iran. India, the third largest importer of crude oil, continues to suffer from resurging virus attacks, heavily impacting demand. There are expectations of achieving more gains, as more drivers take to the roads and air travel returns to pre-pandemic levels. That being said, we anticipate WTI reaching toward \$75, but facing an uphill battle. Above \$75, there is resistance set at \$78. Support is seen at \$69.29 and below that at \$66.43.

Fundamental News: Refinitiv Oil Research said it was tracking exports of Northwest European gasoline to the United States at 407,000 tons last week, aboard eleven medium-range tankers. Gasoline exports increased by 47% on the week, as favorable arbitrage conditions supported chartering activity. Total June loadings are currently just under 760,000 tons. Analysts they expect a slowdown in bookings given the substantial build in U.S. stockpiles last week, suggesting weaker-than-expected fuel demand at the start of summer.

The Minnesota Court of Appeals affirmed a state regulator's decision that there is sufficient oil demand for Enbridge Inc to justify the replacement of its Line 3 pipeline. The decision marks another hurdle cleared for the Canadian pipeline company's efforts to replace an aging pipeline that carries Alberta oil sands crude through the state. Replacing the pipeline would allow Enbridge to roughly double its capacity to 760,000 barrels per day. Enbridge expects the line to come into service in the fourth quarter of this year.

IIR Energy reported that U.S. oil refiners are expected to shut in 313,000 bpd of capacity in the week ending June 18th, increasing available refining capacity by 88,000 bpd from the previous week. Offline capacity is expected to fall to 207,000 bpd in the week ending June 25th.

The U.S. Energy Information Administration said U.S. oil output from seven major shale formations is expected to increase by about 38,000 bpd in July to about 7.8 million bpd.

According to a survey by the Federal Reserve Bank of New York, U.S. consumers are expecting the economy to boom over the next year, with expectations for inflation, home prices, earnings and the labor market all increasing in May. Median expectations for what inflation will look like over the next year increased for the seventh consecutive month to 4% in May. That is up from 3.4% in April and reaches a new high for the series, which launched in 2013. Expectations for inflation over the next three years increased more modestly to 3.6% from 3.1%. The average expectation that the U.S. unemployment rate will be higher one year from now dropped to a series low of 31.9% in May, down from 34.6% in April.

Early Market Call - as of 8:15 AM EDT

WTI - July \$71.81, up 93 cents

RBOB - July \$2.1874, up 1.62 cents

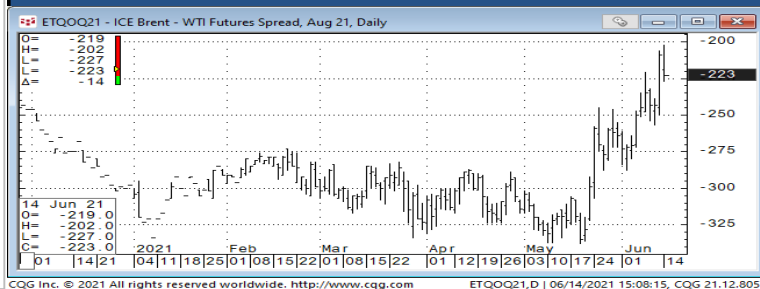
HO - July \$2.1249, up 1.33 cents

All NYMEX | Prior Settlements

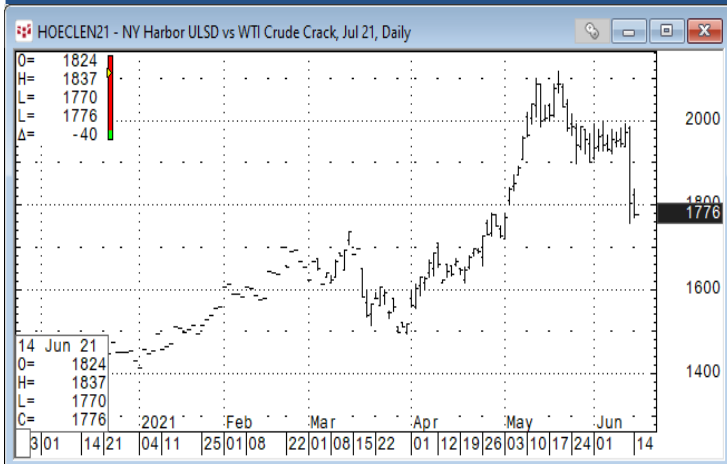
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-21	2.1116	-0.0091	-0.0040
Aug-21	2.1147	-0.0090	-0.0037
Sep-21	2.1178	-0.0088	-0.0034
Oct-21	2.1197	-0.0086	-0.0032
Nov-21	2.1197	-0.0086	-0.0036
Dec-21	2.1180	-0.0085	-0.0042
Jan-22	2.1156	-0.0083	-0.0047
Feb-22	2.1101	-0.0083	-0.0046
Mar-22	2.0997	-0.0085	-0.0050
Apr-22	2.0847	-0.0085	-0.0055
May-22	2.0740	-0.0085	-0.0067
Jun-22	2.0654	-0.0083	-0.0073
Jul-22	2.0633	-0.0085	-0.0078
Aug-22	2.0621	-0.0087	-0.0082
Sep-22	2.0612	-0.0089	-0.0091
Oct-22	2.0605	-0.0092	-0.0094
Nov-22	2.0600	-0.0095	-0.0100

Sprague HeatCurve October 2021-April 2022		\$2.1106
	Close	Change
Crude - WTI	\$70.6300	\$0.0300
Crude - Brent	\$72.8600	\$0.1700
Natural Gas	\$3.3520	\$0.0560
Gasoline	\$2.1712	-\$0.0149

ICE August Brent-WTI Spread



July Heating Oil Crack Spread



July RBOB Crack Spread

