

Market Commentary

Recap: Oil futures jumped on Wednesday despite data showing an unexpected 2.1 million barrel build in U.S. crude oil inventories, which broke an eight week streak of declines. The driver behind the increase in stockpiles was a surge in imports, which reached their highest in a year. While the report was bearish, U.S. fuel demand, measured by product supplied, rose last week, and the overall four-week average of 20.6 million bpd was on par with consumption two years ago, prior to the pandemic. Weakness in the dollar was also a supporting factor. September WTI gained \$3.10 to settle at \$70.30 a barrel on the first day of the September contract trading at the front of the curve, while September Brent rose by \$2.88 to settle at \$72.23/barrel. As for refined products, August RBOB jumped 8.52 cents to settle at \$2.2167 per gallon, a 10.63 cent, or 5.04% gain over the last two sessions. August ULSD increased by 7.43 cents to \$2.0870 per gallon.

Technical Analysis: With traders appearing to have found value on Monday's huge drop in crude oil prices, oil markets rallied significantly on Wednesday, recapturing the break down level made on the selloff. September WTI bounced off of a short term ascending trend line to climb back above \$70 and the 50-day moving average. Although prices aggressively bounced back, it is difficult to think that this market can make its way up toward the July highs. OPEC and its allies have agreed to increase production, while the number of COVID-19 Delta variant cases has been on the rise, prompting economists to factor in lower global economic growth. Given this scenario, we could see traders stepping in to sell the rally, with bottom pickers waiting down below. This will lead to a bit of sideways trading until this market figures out a definitive direction.

Fundamental News: JPMorgan maintained that demand will normalize slightly below 2019 levels through the end of the year. It stated that unless the Covid situation "worsens significantly from here" it continues to forecast global oil demand normalizing under pre-pandemic levels through the end of the year and maintains Brent prices averaging \$76/barrel in the third quarter and \$80/barrel in the fourth quarter. Its year-end Brent target is maintained at \$83/barrel. It stated that global mobility will stay "a few percentage points" below 2019 levels and global jet fuel demand will not break above 80% of 2019 levels until after the winter.

ESAI Energy said that by mid-2022, about three fourths of global oil demand will come from countries where immunization from Covid-19 has reached 60%. A full recovery of oil demand is not likely until 2023, with some countries unlikely to reach 60% vaccination rate.

IIR Energy reported that U.S. oil refiners are expected to shut in 663,000 bpd of capacity in the week ending July 23rd, cutting available refining capacity by 18,000 bpd from the previous week. Offline capacity is expected to fall to 384,000 bpd in the week ending July 30th.

Euroilstock reported that European refiners produced 9.02 million bpd of oil products in June, up 0.95 on the month and by 6.2% on the year. European refiners produced 2.063 million bpd of gasoline, up 2.8% on the month and 9% on the year, while it produced 4.513 million bpd of middle distillates, up 2.1% on the month and 4.4% on the year. Euroilstock also reported that European refiners produced 865,000 bpd of fuel oil, down 4.3% on the month but increased by 17.5% on the year and 836,000 bpd of naphtha, down 1.9% on the month but increased by 7% on the year. European refinery crude intake fell by 0.9% on the month but increased by 8.3% on the year to 8.604 million bpd.

Colonial Pipeline Co is allocating space for Cycle 42 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

Early Market Call - as of 8:15 AM EDT

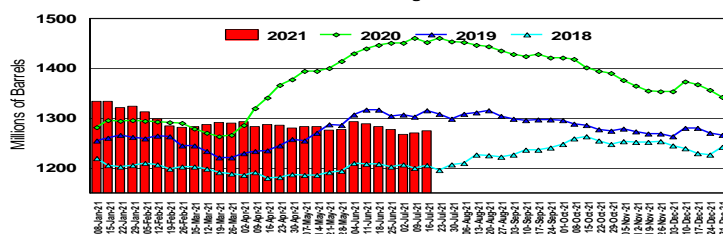
WTI - Sep \$70.74, up 45 cents
 RBOB - Aug \$2.2304, up 1.36 cents
 HO - Aug \$2.0984, up 1.09 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-21	\$2.0870	\$0.0743	-\$0.0565
Sep-21	\$2.0886	\$0.0744	-\$0.0566
Oct-21	\$2.0878	\$0.0745	-\$0.0572
Nov-21	\$2.0855	\$0.0740	-\$0.0572
Dec-21	\$2.0823	\$0.0733	-\$0.0574
Jan-22	\$2.0780	\$0.0723	-\$0.0582
Feb-22	\$2.0706	\$0.0713	-\$0.0589
Mar-22	\$2.0590	\$0.0705	-\$0.0585
Apr-22	\$2.0433	\$0.0696	-\$0.0578
May-22	\$2.0332	\$0.0685	-\$0.0559
Jun-22	\$2.0269	\$0.0675	-\$0.0540
Jul-22	\$2.0252	\$0.0665	-\$0.0527
Aug-22	\$2.0244	\$0.0658	-\$0.0516
Sep-22	\$2.0236	\$0.0650	-\$0.0524
Oct-22	\$2.0238	\$0.0644	-\$0.0497
Nov-22	\$2.0237	\$0.0639	-\$0.0490
Dec-22	\$2.0222	\$0.0635	-\$0.0483

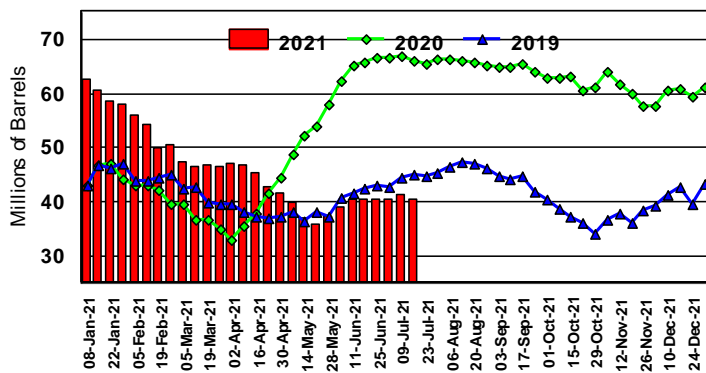
Sprague HeatCurve October 2021-April 2022		\$2.0729
	Close	Change
Crude - WTI	Sep Brent- \$70.3000	\$3.1000
Crude - Brent	WTI Spread \$72.2300	\$2.8800
Natural Gas	\$1.93 \$3.9590	\$0.0830
Gasoline	\$2.2167	\$0.0852

Total U.S. Oil Stocks
Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending July 16, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 2.107 million barrels
 Cushing, OK Crude Stocks Down 1.347 million barrels
Gasoline Stocks Down 121,000 barrels
Distillate Stocks Down 1.349 million barrels
Refinery % Operated 91.4%, Down 0.4%

PADD #1

Distillate Stocks (in million bbls)	Week Ending July 16, 2021	Week Ending July 9, 2021	Week Ending July 17, 2020
New England	6.7	6.9	12.7
Central Atlantic	19.8	20.0	38.6
Total PADD #1	40.4	41.3	65.5
Distillate Imports (thousands b/d)	77	66	43