

Market Commentary

Recap: Oil futures finished at their highest level since March on Wednesday, as U.S. gasoline consumption showed signs of a recovery, but gains were limited due to the rise in the number coronavirus cases and rising U.S. crude oil inventories. Both WTI and Brent posted their fourth straight session of percentage gains of less than 1% in either direction, shrugging off news that Libya was adding to global supplies by reopening its Es Sider terminal for exports. This comes just before key ministers from OPEC+ is set to hold talks next week to discuss output cuts that are expected to terminate the end of July. August WTI climbed 28 cents, or 0.7%, to settle at \$40.90 a barrel, while September Brent added 21 cents, or 0.5%, to finish at \$43.29 a barrel. August RBOB rose by nearly 1.3% to \$1.2909 a gallon, but August heating oil fell 0.7% to \$1.2344 a gallon.

Technical Analysis: At 11 million barrels per day, U.S. oil production remains flat, while imports jumped by 1.4 million bpd, to 7.4 million bpd. It appears that the U.S. oil industry is in a state of equilibrium, with current prices trading near the \$40 level. With imports jumping as much as they did, it is likely that previously stored barrels are finding their way to the market as the spread between the front month contract and longer dated contracts is close to flat. This does not equate to a bullish EIA report, as crude oil inventories increased, while U.S. domestic production stabilizes at 11 million bpd. Bulls will have to rely on global markets for support. We remain cautiously optimistic that WTI will continue to work higher, but would not discount a pullback toward the 50-day moving average, which is currently set at \$34.31. Prior to this level, additional support is set at \$39.91, the 10-day moving average and below that at \$37.00. Resistance set at \$42.17, the top of the gap for August. Above this level, additional resistance is set at \$46.19.

Fundamental News: Libya's National Oil Corporation said lifted a force majeure at the Es Sider oil port, paving the way for higher oil exports from the country. The state oil company urged all Libyan parties to support it and called on what it described as "foreign mercenaries and armed groups" to leave the oil port immediately. Es Sider, along with the other eastern ports of Ras Lanuf, Brega, Zueitina and Hariga, have been under force majeure since January because of a blockade imposed by eastern-based forces. The blockades have resulted in \$6.5 billion dollars in lost revenue for Libya, whose current production of about 100,000 bpd is a fraction of the 1.6 million bpd pre-civil war output. However, Libya's NOC later said petroleum facilities guards prevented a tanker from entering the Es Sider port to load a cargo of crude oil from storage. According to Refinitiv Eikon data, the Delta Ocean Suezmax tanker arrived at the port on July 5 and has been waiting since then. A shipping and trading source said the tanker was chartered by trader Unipac.

IIR Energy reported that U.S. oil refiners are expected to shut in 4.1 million bpd of capacity in the week ending July 10th, decreasing available refining capacity by 146,000 bpd from the previous week. Offline capacity is expected to fall to 4 million bpd in the week ending July 17th.

White House economic adviser, Larry Kudlow, said the economy would likely suffer some impacts as certain U.S. states reimpose coronavirus-related restrictions, but added that imposing another nationwide shutdown would be "a big mistake". He added that he has seen no evidence of a so-called double-dip recession as some financial analysts have suggested as more states reported record numbers of new infections.

Atlanta Federal Reserve President, Raphael Bostic, said the rapid rebound in the U.S. economy over May and June may be leveling off, with real time indicators of business activity suggesting the renewed spread of the coronavirus is taking a toll.

Early Market Call - as of 8:35 AM EDT

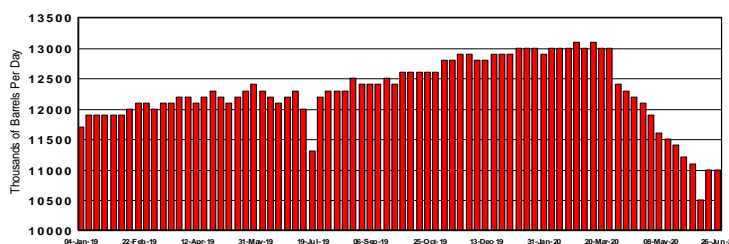
WTI - Aug \$40.80, down 10 cents
 RBOB - Aug \$1.2884, down 25 points
 HO - Aug \$1.2378, up 34 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-20	1.2344	-0.0089	-0.0348
Sep-20	1.2490	-0.0064	-0.0364
Oct-20	1.2636	-0.0049	-0.0347
Nov-20	1.2785	-0.0037	-0.0326
Dec-20	1.2919	-0.0024	-0.0315
Jan-21	1.3055	-0.0014	-0.0305
Feb-21	1.3158	-0.0004	-0.0299
Mar-21	1.3213	0.0001	-0.0296
Apr-21	1.3218	0.0011	-0.0298
May-21	1.3267	0.0020	-0.0310
Jun-21	1.3335	0.0025	-0.0317
Jul-21	1.3459	0.0028	-0.0318
Aug-21	1.3574	0.0028	-0.0318
Sep-21	1.3674	0.0029	-0.0316
Oct-21	1.3771	0.0031	-0.0316
Nov-21	1.3866	0.0034	-0.0318
Dec-21	1.3946	0.0033	-0.0316

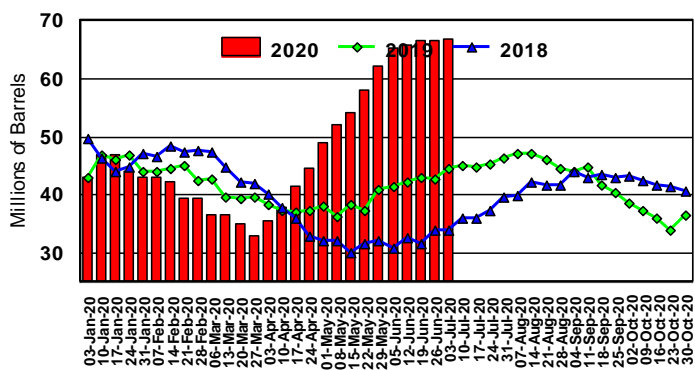
Sprague Heat Weighted Strip October -April 20/2021			\$1.3028
		Close	Change
Crude - WTI	Sep Brent- WTI Spread \$2.25	\$41.0400	\$0.3400
Crude - Brent		\$43.2900	\$0.2100
Natural Gas		\$1.8240	-\$0.0520
Gasoline		\$1.2909	\$0.0159

U.S. Domestic Crude Production



Weekly EIA Petroleum Status Report for the Week Ending July 3, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 5.654 million barrels
 Cushing, OK Crude Stocks Up 2.206 barrels
Gasoline Stocks Down 4.839 million barrels
Distillate Stocks Up 3.135 million barrels
Refinery % Operated 77.5%, up 2%

PADD #1

Distillate Stocks (in million bbls)	Week Ending July 3, 2020	Week Ending June 26, 2020	Week Ending July 5, 2019
New England	13.0	13.1	6.0
Central Atlantic	39.2	39.2	24.8
Total PADD #1	66.8	66.4	44.4
Distillate Imports (thousands b/d)	57	123	77