

## Market Commentary

**Recap:** Oil futures gave up early gains to finish lower on Tuesday, as conflicting government statements on the status of U.S.-China trade deal and a rise in Covid-19 cases feeding uncertainty over the outlook for energy demand. Prices rose a day after Trump wrote in a tweet late Monday that the trade agreement was "fully intact" Markets had been unsettled by surprise comments from White House trade adviser Peter Navarro who said the hard-won deal with China was "over". However, demand fears overshadowed any supportive news to push prices lower. August WTI on its first full trading day as a front-month contract fell by 36 cents, or 0.9%, to settle at \$40.37 a barrel after trading as high as \$41.63. Brent oil for August delivery fell by 45 cents, or 1%, to settle at \$42.63 a barrel. July RBOB added 0.6% to \$1.2994 a gallon, while July heating oil fell 1.3% to \$1.203 a gallon.

**Technical Analysis:** August WTI found enough support to fill the gap up to \$41, but was unable to gain enough traction above \$41.25, the 50% retracement set by the December high of \$62.21 and the May low of \$20.28. We would look for signs of exhaustion, with the possibility of slipping toward the 50-day moving average, which is currently set at \$38.70. Below \$38.70, support is set at \$35. To the upside, resistance is set at \$42.17.

**Fundamental News:**

Nigeria's Qua Iboe crude stream will export six cargoes in August, down one from July's schedule. The fall in planned exports could reflect Nigeria's pledge to OPEC to deepen its oil output cuts in later months after failing to meet fully its supply cut commitments in May. Assuming a standard cargo size of 950,000 barrels, Qua Iboe crude loadings will average 184,000 bpd in August, down from 215,000 bpd in July.

Abu Dhabi National Oil Company will keep its costs down amid low oil prices and a gradual recovery in global energy demand. ADNOC's Chief Executive, Sultan al-Jaber, said that it will continue to work with strategic investors to attract foreign capital and focus on maximizing value from its resources. The company's head also stated that the OPEC+ pact to cut oil supply has increased confidence and there have been signs of a tighter oil market in recent weeks.

China's General Administration of Customs reported that the country's gasoline exports fell 64.2% in May from the previous month and hit the lowest level since February 2019, as refined fuel margins weakened in regions hit by the coronavirus and refiners focused on the domestic market where demand was rebounding. China's gasoline exports were 680,000 tons, down from 1.9 million tons in April and 850,000 tons in May of last year. Its diesel exports were 1.45 million tons in May, down from 2.57 million tons in April and a record 2.83 million tons in March. However, it remained 16.2% higher than the same period last year. China more than halved total fuel exports in May to 3.89 million tons from April's 8 million tons. China's kerosene exports totaled 560,000 tons, down 62.3% from a year earlier and down from 2.03 million tons in April. While refineries have raised crude throughput to near peak rates in May, output of gasoline fell 12% over year-on-year and kerosene dropped a third, in response to weakened demand for the transportation fuels due to measures to curb COVID-19.

India imported 3.18 million bpd in May, down 31% on the month. It was the lowest level since October 2011.

**Early Market Call - as of 8:25 AM EDT**

WTI - Aug \$39.55 down 82 cents  
 RBOB - July \$1.2736 down 2.58 cents  
 HO - July \$1.1900 down 1.3 cents

## All NYMEX | Prior Settlements

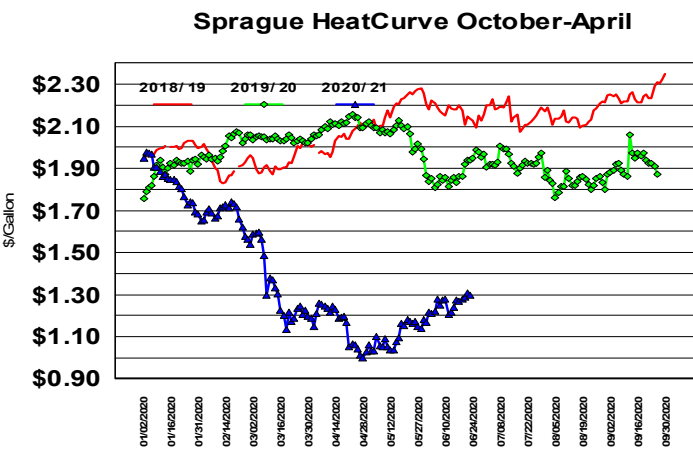
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jul-20	1.2030	-0.0156	-0.0208
Aug-20	1.2155	-0.0152	-0.0168
Sep-20	1.2363	-0.0133	-0.0197
Oct-20	1.2562	-0.0124	-0.0219
Nov-20	1.2738	-0.0112	-0.0247
Dec-20	1.2876	-0.0106	-0.0263
Jan-21	1.3014	-0.0101	-0.0273
Feb-21	1.3120	-0.0097	-0.0273
Mar-21	1.3182	-0.0089	-0.0268
Apr-21	1.3191	-0.0080	-0.0262
May-21	1.3220	-0.0076	-0.0245
Jun-21	1.3266	-0.0070	-0.0226
Jul-21	1.3381	-0.0069	-0.0211
Aug-21	1.3490	-0.0067	-0.0199
Sep-21	1.3583	-0.0066	-0.0185
Oct-21	1.3676	-0.0066	-0.0174
Nov-21	1.3761	-0.0066	-0.0163

Sprague Heat Weighted Strip October -April 20/2021			\$1.2987
		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$2.26	\$40.3700	-\$0.3600
Crude - Brent		\$42.6300	-\$0.4500
Natural Gas		\$1.6370	-\$0.0270
Gasoline		\$1.2994	\$0.0081

## API Report for the Week Ending June 19, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 1.7 million barrels	Up 300,000 barrels
Cushing, OK Crude Stocks	Down 325,000 barrels	Down 3.6 million barrels
Gasoline Stocks	Down 3.9 million barrels	Down 1.3 million barrels
Distillate Stocks	Down 2.6 million barrels	Down 600,000 barrels
Refinery Runs	Up 93,000 b/d	Up 0.8%
Crude Imports	Up 97,000 b/d	

## Sprague HeatCurve October-April



## August WTI



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