

## Market Commentary

**Recap:** Oil futures fell on Wednesday after a U.S. government report showed a smaller than expected decrease in U.S. crude oil inventories and after the White House urged OPEC+ producers to pump more oil. Oil prices fell as much as 2.4% after the report. Losses were pared after U.S. equities rose to fresh records and as the U.S. dollar weakened, boosting the appeal of dollar denominated commodities. Oil futures climbed back above unchanged to achieve fresh session highs before paring gains. September WTI added 96 cents, or 1.4%, to settle at \$69.25 a barrel. October Brent settled at \$71.44 a barrel, up 81 cents, or 1.2%. September RBOB jumped 1.5% to close at \$2.3022 a gallon. September heating oil rose 1.2% to close at \$2.1058 a gallon.

**Technical Analysis:** For the second straight session, September WTI bounced off of the upward trend line that stems from the lows of April, as it hangs just below the 10-day moving average. Wednesday's bounce formed a double bottom, which should result in a higher move. It seems like buying the dip is a comfortable move, as this market has found support along the aforementioned trend line. We would look for a move above the 10-day moving average, with a push toward the 50-day moving average.

**Fundamental News:** The Biden administration is expected to call on OPEC and its oil-producing allies to increase their oil production in an effort to combat climbing gasoline prices. CNBC reported that the White House said OPEC+'s decision to gradually ease production cuts is "simply not enough" during a "critical moment in the global recovery". According to the CNBC report, U.S. officials spoke with representatives from OPEC's de facto leader Saudi Arabia this week, as well as with representatives from the United Arab Emirates and other OPEC+ members. The White House said its outreach to OPEC members and its allies are ongoing and aimed at long-term engagement, not necessarily an immediate response.

Diesel flows from the U.S. Gulf Coast to Europe remained low this week due to limited arbitrage opportunities. A total of 228,000 tons of diesel are expected to be imported on the transatlantic route in August, down from around 450,000 tons in July.

Goldman Sachs lowered its oil demand forecast for China for the next two months, citing rising concerns over the impact of the next wave of COVID-19 infections. The bank, which had already cut expectations last month for emerging market demand because of the Delta variant, now expects a demand to fall a million bpd in China. However, the bank said the net impact from Delta on its global oil demand forecast remained moderate and lowered demand forecast for next two months to 97.8 million bpd from 98.4 million bpd realized in July. The bank reiterated that the markets' bullish impulse was shifting to supply from demand, as it expects a July output ramp-up by OPEC+ to fall short of expectations. Goldman projects the oil market deficit to shrink to 1 million bpd in coming weeks as the Delta impacts peak, but expects the demand hit to be transient while supply shortfalls persist.

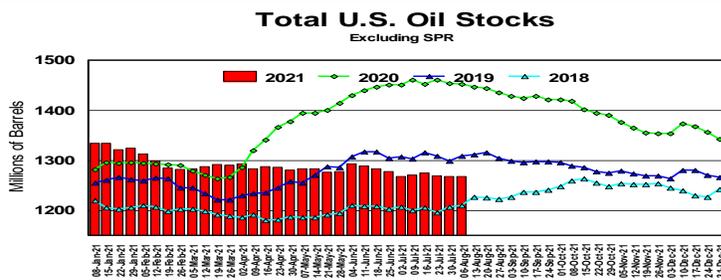
IIR Energy reported that U.S. oil refiners are expected to have 176,000 bpd of capacity offline in the week ending August 13<sup>th</sup>, increasing available refining capacity by 144,000 bpd.

**Early Market Call - as of 8:20 AM EDT**  
**WTI - Sep \$68.71, down 54 cents**  
**RBOB - Sep \$2.2783, down 2.43 cents**  
**HO - Sep \$2.0925, down 1.36 cents**

## All NYMEX | Prior Settlements

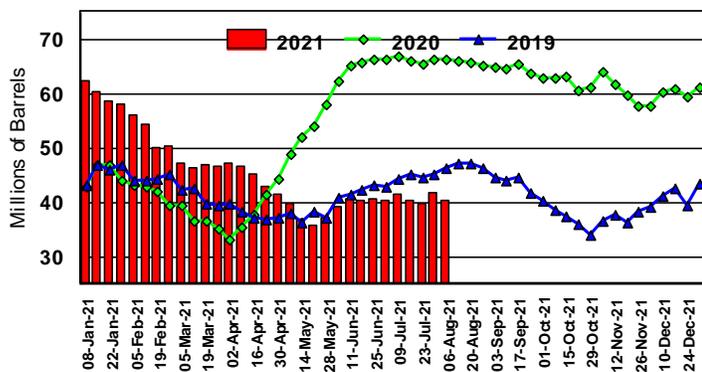
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-21	\$2.1058	\$0.0256	\$0.0317
Oct-21	\$2.1093	\$0.0263	\$0.0323
Nov-21	\$2.1098	\$0.0266	\$0.0318
Dec-21	\$2.1078	\$0.0265	\$0.0310
Jan-22	\$2.1049	\$0.0263	\$0.0303
Feb-22	\$2.0992	\$0.0263	\$0.0304
Mar-22	\$2.0887	\$0.0267	\$0.0307
Apr-22	\$2.0737	\$0.0269	\$0.0305
May-22	\$2.0644	\$0.0267	\$0.0306
Jun-22	\$2.0584	\$0.0264	\$0.0299
Jul-22	\$2.0579	\$0.0262	\$0.0296
Aug-22	\$2.0578	\$0.0259	\$0.0290
Sep-22	\$2.0578	\$0.0255	\$0.0290
Oct-22	\$2.0582	\$0.0255	\$0.0269
Nov-22	\$2.0582	\$0.0252	\$0.0256
Dec-22	\$2.0570	\$0.0253	\$0.0245
Jan-23	\$2.0557	\$0.0254	\$0.0239

Sprague HeatCurve October 2021-April 2022			\$2.1000
		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$2.42	\$69.0200	\$0.9600
Crude - Brent		\$71.4400	\$0.8100
Natural Gas		\$4.0590	-\$0.0300
Gasoline		\$2.3022	\$0.0343



## Weekly EIA Petroleum Status Report for the Week Ending August 6, 2020

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 448,000 barrels  
 Cushing, OK Crude Stocks Down 325,000 barrels  
**Gasoline Stocks** Down 1.401 million barrels  
**Distillate Stocks** Up 1.767 million barrels  
**Refinery % Operated** 91.8%, Up 0.5%

### PADD #1

Distillate Stocks (in million bbls)	Week Ending Aug 6, 2021	Week Ending July 30, 2021	Week Ending Aug 7, 2020
New England	6.2	6.4	12.6
Central Atlantic	20.5	20.0	37.9
Total PADD #1	40.4	41.7	65.9
Distillate Imports (thousands b/d)	162	114	137