

Market Commentary

Recap: Oil futures fell on Monday after hitting their highest level since 2018 earlier in the session, as a spike in COVID-19 cases in Asia and Europe stunted the rally before this week's OPEC+ meeting. August WTI traded at a high of \$74.45 before tumbling to a session low of \$72.62, down \$1.43, or 1.9%, while August Brent fell as much as \$1.67, or 2.2%. Losses were pared, with August WTI settling at \$72.91 a barrel, down \$1.14, or 1.5%, while August Brent fell \$1.50, or 2%, to settle at \$74.68 a barrel. September Brent, the most actively traded contract fell \$1.24, or 1.6%, to finish the session at \$74.14 a barrel. July RBOB futures lost 4.73 cents or 2.09%, to settle at \$2.2166 a gallon, down 6.43 cents, or 2.82% over the last two sessions.

Technical Analysis: Focus this week will be on the Thursday meeting between OPEC and its allies. Following previous cuts, OPEC+ was returning 2.1 million barrels per day (bpd) of oil supply to the market from May to July and could decide to add more barrels in August after crude prices last week rose for a fifth week in a row with recovering demand. Expectations are calling for OPEC+ to increase output by about 500,000 barrels per day in August. Meanwhile, talks on reviving a 2015 pact over Tehran's nuclear work between Iran and the U.S. were expected to resume. August WTI experienced an outside trading session, to come down to test and bounce off of \$72.62, the 10-day moving average. Despite the sell-off, this market is still on a bull run and as a result, we will most likely see buyers down below. We continue to look for a push toward \$75, with additional resistance set at \$76.43. To the downside, support is seen below the 10-day moving average at \$70.

Fundamental News: Vortexa reported that crude oil in floating storage in the week ending June 25th fell 17% to 76.05 million barrels, the lowest level since April 2020.

According to Bloomberg, weekly U.S. imports of gasoline from Europe fell to their lowest level in almost four months in the seven days ended June 24th. It reported that gasoline imports fell to 161,700 bpd, the lowest level since the period ending March 4th. One cargo of ultra low sulfur diesel also arrived in the seven-day period.

OPEC's forecasts point to an oil supply deficit in August and in the rest of 2021 as economies recover from the pandemic, suggesting the group and its allies have room to increase output at a meeting this week. OPEC+ meets on Thursday to discuss supply for later months. With oil at its highest since 2018, sources say a further increase in August will be discussed, but some producers are concerned about new demand setbacks and higher Iranian supply.

Iran's Foreign Ministry spokesman, Saeed Khatibzadeh, said it has yet to decide whether to extend a monitoring deal with the U.N.'s IAEA which lapsed last week, amid Washington's warning that Tehran's failure to renew it would complicate talks to revive its 2015 nuclear accord. This followed a statement on Sunday made by the speaker of Iran's parliament that Tehran will never hand over images from inside of some Iranian nuclear sites to the IAEA, as the agreement with the agency had expired. On Friday, the IAEA demanded an immediate reply from Iran on whether it would extend the agreement, while U.S. Secretary of State, Antony Blinken, said any failure to extend it would be a "serious concern" for broader negotiations. Iran said last week that the country's top security body, the Supreme National Security Council, would decide whether to renew the temporary agreements, under which data and footage were still collected in some places where inspections stopped.

Early Market Call - as of 8:00 AM EDT

WTI - Aug \$72.94, up 3 cents
 RBOB - July \$2.2335, up 1.69 cents
 HO - July \$2.1303, up 1.1 cents

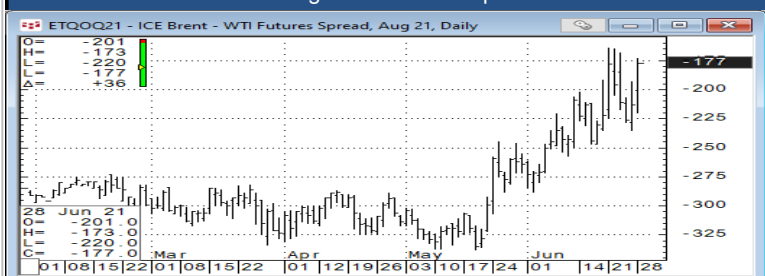
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-21	2.1182	-0.0311	-0.0086
Aug-21	2.1208	-0.0307	-0.0089
Sep-21	2.1237	-0.0303	-0.0088
Oct-21	2.1248	-0.0295	-0.0084
Nov-21	2.1242	-0.0292	-0.0080
Dec-21	2.1225	-0.0292	-0.0077
Jan-22	2.1198	-0.0292	-0.0077
Feb-22	2.1143	-0.0285	-0.0075
Mar-22	2.1034	-0.0272	-0.0066
Apr-22	2.0876	-0.0263	-0.0056
May-22	2.0751	-0.0256	-0.0052
Jun-22	2.0660	-0.0247	-0.0040
Jul-22	2.0633	-0.0242	-0.0038
Aug-22	2.0614	-0.0237	-0.0040
Sep-22	2.0599	-0.0234	-0.0055
Oct-22	2.0590	-0.0231	-0.0039
Nov-22	2.0579	-0.0229	-0.0039

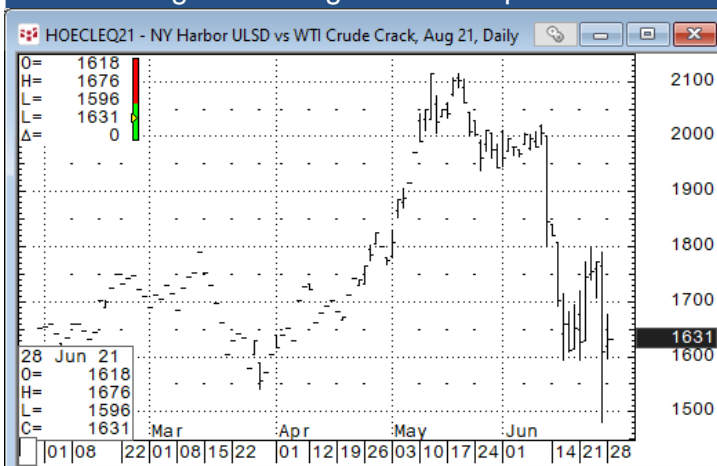
Sprague HeatCurve October 2021-April 2022

	Close	Change
Crude - WTI	\$72.9100	-\$1.1400
Crude - Brent	\$74.6800	-\$1.5000
Natural Gas	\$3.6170	\$0.1210
Gasoline	\$2.2166	-\$0.0473

ICE August Brent-WTI Spread



August Heating Oil Crack Spread



August RBOB Crack Spread

