

Market Commentary

Recap: Oil futures were little changed on Friday, after a strong recovery from Monday's selloff, underpinned by expectations that supply will remain tight through the year. The price of oil and other riskier assets tumbled at the start of the week on concern over the impact on the economy and crude demand from surging cases of the COVID-19 Delta variant in the United States, Britain, Japan and elsewhere. Fears of supply shortages, as refiners struggle to keep up with demand, lifted prices, to finish slightly higher on the week. September WTI added 16 cents, or 0.2%, to settle at \$72.07 a barrel, for a weekly gain of 0.7%. September Brent added 31 cents, or 0.4%, at \$74.10 a barrel up 0.7% for the week. August RBOB climbed by 0.8% to \$2.29 a gallon, with prices up 1.7% for the week. August heating oil tacked on nearly 0.1% to \$2.13 a gallon, for a weekly rise of 1%.

Technical Analysis: Bottom pickers stepped in on Tuesday, taking advantage of perceived value, could be ahead of the game, while fresh buyers at current levels are entering the market where prices left off last week. Concern over the spread of the COVID-19 Delta variant and increasing supplies come August still exist, putting new longs in a risky position. Unless investors are willing to buy strength in the face of unknown demand destruction, we're likely to see a range bound trade until the demand destruction issue worsens or plays out. September WTI bounced off of the 10-day moving average, as it works its way toward \$72.48, the 62% retracement set by the July 6 high of \$76.98 and the July 20 low of \$65.21. With moving oscillators pointing toward higher prices, we would not expect to see an immediate flush out, but could see this market begin to trade a bit sideways. Above \$72.48, additional resistance is seen at \$73.

Fundamental News: BofA Global Research still sees an OPEC+ driven decline in crude and distillates prices a buying opportunity. It projects Brent prices will reach \$100/barrel next year. It expects Brent and WTI to average \$68/barrel and \$65/barrel, respectively, in 2021 and \$75/barrel and \$71/barrel, respectively in 2022. Its supply-demand forecasts suggest a 1.4 million bpd deficit in 2021 followed by a 400,000 bpd deficit in 2022. BofA also stated that light refinery maintenance schedules this fall will make "very strong upswing" in distillates refining margins unlikely even as demand improves.

Commerzbank said that despite an expansion in oil supply, market will remain slightly undersupplied until the end of the year. It sees the threat of oversupply if OPEC+ sticks to its plans next year and expects only limited upside potential for oil prices in 2022. It said the price of oil should continue to recover from the recent setback and settle around \$75/barrel by the end of the year. It expects oil prices to increase to \$75/barrel in the second half of 2022.

IIR Energy reported that U.S. oil refiners are expected to shut in 637,000 bpd of capacity in the week ending July 23rd, increasing available refining capacity by 8,000 bpd from the previous week. Offline capacity is expected to fall to 313,000 bpd in the week ending July 30th and to 154,000 bpd in the week ending August 6th.

U.S. energy firms added oil and natural gas rigs for a fourth consecutive week for the first time since May. Baker Hughes reported that the oil and gas rig count increased by seven to 491 in the week ending July 23rd, its highest since April 2020. The number of U.S. oil rigs increased by seven to 387 this week, their highest since April 2020, while gas rigs were unchanged at 104.

The United States is considering cracking down on Iranian oil sales to China as it braces for the possibility that Tehran may not return to nuclear talks or may adopt a harder line whenever it does.

Early Market Call - as of 8:30 AM EDT

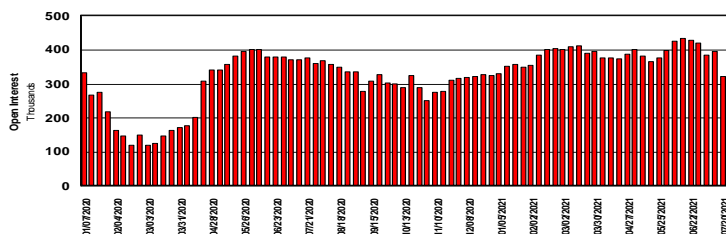
WTI - Sep \$72.07, unchanged
 RBOB - Aug \$2.2925, up 33 points
 HO - Aug \$2.1380, up 64 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-21	\$2.1339	\$0.0013	\$0.0206
Sep-21	\$2.1354	\$0.0018	\$0.0204
Oct-21	\$2.1352	\$0.0027	\$0.0205
Nov-21	\$2.1326	\$0.0029	\$0.0200
Dec-21	\$2.1282	\$0.0025	\$0.0182
Jan-22	\$2.1225	\$0.0023	\$0.0159
Feb-22	\$2.1138	\$0.0023	\$0.0135
Mar-22	\$2.1009	\$0.0026	\$0.0116
Apr-22	\$2.0834	\$0.0025	\$0.0091
May-22	\$2.0717	\$0.0023	\$0.0078
Jun-22	\$2.0641	\$0.0022	\$0.0070
Jul-22	\$2.0615	\$0.0021	\$0.0062
Aug-22	\$2.0601	\$0.0021	\$0.0061
Sep-22	\$2.0585	\$0.0019	\$0.0045
Oct-22	\$2.0580	\$0.0018	\$0.0049
Nov-22	\$2.0572	\$0.0017	\$0.0043
Dec-22	\$2.0548	\$0.0015	\$0.0038

Sprague HeatCurve October 2021-April 2022		\$2.1172
	Close	Change
Crude - WTI	\$72.0700	\$0.1600
Crude - Brent	\$74.1000	\$0.3100
Natural Gas	\$4.0600	\$0.0570
Gasoline	\$2.2913	\$0.0181

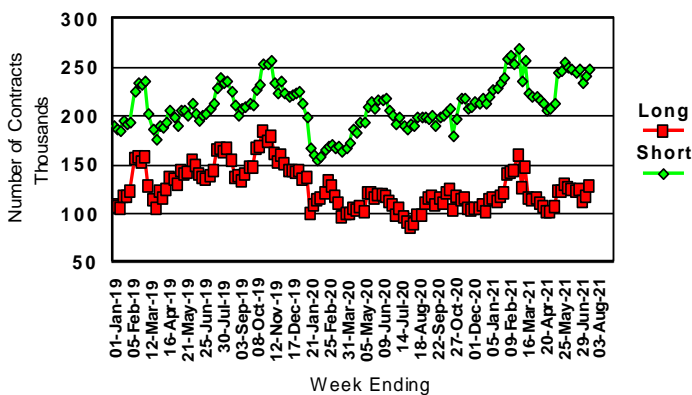
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending July 20, 2021

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

