

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices fell on Thursday as concern that the spread of the coronavirus in the U.S. would be diminished. The recent surge in the number of confirmed case prompted some states to reimpose some restrictions and postpone the lifting of restrictions in other states. August WTI fell by \$1.28, or 3.1%, to settle at \$39.62 a barrel. On Thursday, prices finished at the lowest level for a front-month contract since June 30th, according to Dow Jones Market Data. Brent oil for September delivery lost 94 cents, or 2.2%, at \$42.35 a barrel. It settled at the lowest since July 1. August RBOB fell 3.1% to \$1.2505 a gallon, on the heels of a nearly 1.3% gain a day earlier. August heating oil edged down by nearly 0.9% to \$1.2239 a gallon.

Technical Analysis: Oil prices have been caught between demand concerns amid the coronavirus and the collapse of industry giants such as Chesapeake Energy, while U.S. inventories reach record highs. Demand growth will depend on the severity of the rise in the number of newly reported Covid-19 cases and the degree to which these force further lockdowns and lengthen those already in place. There is no shortage of oil in storage across the U.S.; while demand continues to falter. This will work to limit gains in oil prices in the near term. August WTI slipped below its 10-day moving average, currently set at \$40, making this technical indicator a level of resistance. As stated previously, we are not surprised by the pullback and would not discount a retreat toward the 50-day moving average, which is currently set at \$34.71. Prior to this level, additional support is at \$37.00. Above \$40, additional resistance is set at \$42.17, the top of the gap for August. Above this level, additional resistance is set at \$46.19.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, July 7th increased by 2,033,663 barrels and by 840,292 barrels from Friday, July 3rd to 51,015,259 barrels.

Goldman Sachs raised its 2020 Brent price forecast to \$40.51/barrel and its WTI price forecast to \$36.88/barrel. It cut its 2020 Henry Hub price forecast to \$2/mmbtu.

According to two shipping sources and ship tracking data, the Kriti Bastion oil tanker is making its way to Libya's recently re-opened Es Sider oil port on Thursday. The Aframax ship is the second vessel to head to the port, after Unipec's Delta Ocean left Es Sider without loading a crude cargo. The tanker was chartered by Vitol. Libya's state-owned National Oil Corp on Wednesday lifted force majeure on crude loadings from Es Sider after a six-month closure, but local guards have prevented loadings from resuming.

The Kremlin said Russia currently has no plans to hold talks with Saudi Arabia ahead of a joint OPEC+ ministerial monitoring committee meeting due to be held next week.

Euroilstock reported that European crude oil and oil products stocks in June fell by 0.6% on the month but increased by 1.8% on the year to 1.12 billion barrels. European crude oil stocks in June fell by 0.1% on the month and by 0.2% on the year to 486.55 million barrels, while its gasoline stocks fell by 2.8% on the month but increased by 5.7% on the year to 116.62 million barrels and its middle distillates stocks fell by 0.9% on the month but increased by 1.2% on the year to 420.08 million barrels. European fuel oil stocks in June increased by 1.6% on the month and by 13.3% on the year to 69.03 million barrels, while naphtha stocks fell by 1.4% on the month but increased by 6% on the year to 30.8 million barrels. European refinery crude intake in June was unchanged on the month but fell by 13.8% on the year to 8.441 million bpd.

Early Market Call - as of 8:35 AM EDT

WTI - Aug \$39.09, down 53 cents

RBOB - Aug \$1.2481, down 24 points

HO - Aug \$1.2146, down 93 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-20	1.2239	-0.0105	0.0072
Sep-20	1.2362	-0.0128	0.0075
Oct-20	1.2503	-0.0133	0.0080
Nov-20	1.2651	-0.0134	0.0080
Dec-20	1.2784	-0.0135	0.0076
Jan-21	1.2920	-0.0135	0.0075
Feb-21	1.3023	-0.0135	0.0073
Mar-21	1.3079	-0.0134	0.0069
Apr-21	1.3088	-0.0130	0.0059
May-21	1.3137	-0.0130	0.0040
Jun-21	1.3211	-0.0124	0.0019
Jul-21	1.3338	-0.0121	0.0013
Aug-21	1.3454	-0.0120	0.0010
Sep-21	1.3556	-0.0118	0.0009
Oct-21	1.3655	-0.0116	0.0006
Nov-21	1.3753	-0.0113	0.0004
Dec-21	1.3836	-0.0110	0.0003

Sprague Heat Weighted Strip October -April 20/2021			\$1.2894
		Close	Change
Crude - WTI	Sep Brent- WTI Spread \$2.52	\$39.8300	-\$1.2100
Crude - Brent		\$42.3500	-\$0.9400
Natural Gas		\$1.7790	-\$0.0450
Gasoline		\$1.2505	-\$0.0404

EIA Working Gas Storage Report

	03-Jul-20	26-Jun-20	Change	Year Ago
East	657	639	18	539
Midwest	761	740	21	589
Mountain	180	173	7	138
Pacific	310	304	6	261
South Central	1,226	1,222	4	921
Salt	364	368	-4	258
Nonsalt	862	854	8	663
Total	3,133	3,077	56	2,448

Sprague HeatCurve October-April

ICE September Brent-WTI Spread

