

Market Commentary

Recap: Oil futures tumbled on Thursday as the U.S. dollar strengthened after the Federal Reserve signaled it might raise interest rates as soon as 2023. Financial investors, who had loaded up on commodities as safe haven against inflation, bolted for the exits. Iran's Deputy Foreign Minister Abbas Araghchi also said the nation has come closer than ever before in reaching an agreement to revive the 2015 nuclear deal, adding to the pressure on prices. July WTI fell as much as \$2.38, or 3.2%, to a session low of \$69.77 a barrel. Overbought technical indicators also sparked a selling frenzy, accelerating the move to the downside. Losses were pared prior to the settlement period, with July WTI settling down \$1.11, or 1.54% at \$71.04 a barrel. August Brent settled at \$73.08 a barrel, down \$1.31, or 1.76%. July RBOB fell 1% to \$2.13 a gallon, down for five consecutive sessions. July heating oil settled down 1.7% at \$2.07 a gallon.

Technical Analysis: Despite the feverish selloff, WTI retraced most of its losses, and worked its way back above the 10-day moving average. That being said, technical indicators have shifted to the downside, while outside influences also weigh on prices, while a strong dollar is reducing foreign demand for the dollar-denominated commodity. Traders are also tuned into the talks between Iran and the U.S. and the possible lifting of sanctions. Perhaps this market has found its near term ceiling and we could see more of a shake out to the down side. Support is seen at the \$70 area, with a break below this level opening up for a push toward the \$67 level. On the upside, resistance is set at \$73.50 and above that at \$75.

Fundamental News: Iran's Deputy Foreign Minister, Abbas Araqchi, said indirect talks between Tehran and Washington on reviving the 2015 Iran nuclear deal have come closer than ever to an agreement, but essential issues remain to be negotiated. He urged the U.S. to "rectify what it's done in the past" in order for talks in Vienna to progress. He said Iran's presidential election on Friday would have no effect on the negotiations and the Iranian negotiating team will continue the talks regardless of domestic policy. The Islamic Republic and six world powers have been negotiating in Vienna since April to work out steps for both sides to take. Russia's envoy to the talks, Mikhail Ulyanov, said progress had been made in the last few days but talks were tough, while France's foreign ministry said on Wednesday there were still significant disagreements.

Iran's President, Hassan Rouhani, appealed to voters to set aside their grievances and take part in a presidential election on Friday that record numbers of people are expected to boycott due to economic hardship and frustration with hardline rule.

Citigroup analysts said Brent crude could increase over \$80/barrel amid increased demand seen following the easing of the pandemic restrictions. The analysts said that global oil product demand may hit a record in August, mostly driven by gasoline demand. The pent-up demand could offset a jet fuel gap, as a 10% increase in U.S. gasoline consumption increases demand by nearly 1 million bpd.

Democratic U.S. congressional members sent a letter to the Environmental Protection Agency, urging the administration to reject any action that would exempt oil refiners from mandates to blend biofuels into the country's fuel mix. The letter comes after Reuters reported last week that President Joe Biden's administration is considering ways to provide relief to U.S. oil refiners from the mandates. In the letter, the lawmakers asked EPA instead to stabilize the RIN marketplace by issuing a proposed rule for renewable volume blending obligations for 2021 and 2022.

Early Market Call - as of 8:30 AM EDT
 WTI - July \$70.33, down 71 cents
 RBOB - July \$2.1197, down 1.45 cents
 HO - July \$2.0543, down 1.25 cents

All NYMEX | Prior Settlements

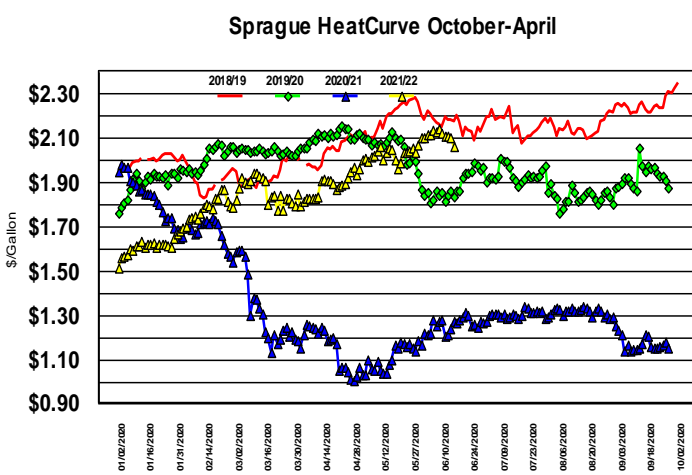
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-21	2.0668	-0.0366	-0.0766
Aug-21	2.0694	-0.0363	-0.0765
Sep-21	2.0725	-0.0361	-0.0762
Oct-21	2.0740	-0.0360	-0.0762
Nov-21	2.0737	-0.0357	-0.0761
Dec-21	2.0721	-0.0351	-0.0757
Jan-22	2.0703	-0.0339	-0.0746
Feb-22	2.0648	-0.0335	-0.0741
Mar-22	2.0535	-0.0337	-0.0753
Apr-22	2.0373	-0.0336	-0.0766
May-22	2.0251	-0.0335	-0.0783
Jun-22	2.0155	-0.0332	-0.0795
Jul-22	2.0133	-0.0328	-0.0798
Aug-22	2.0119	-0.0325	-0.0801
Sep-22	2.0111	-0.0321	-0.0809
Oct-22	2.0104	-0.0316	-0.0802
Nov-22	2.0098	-0.0312	-0.0803

Sprague HeatCurve October 2021-April 2022		\$2.0647
	Close	Change
Crude - WTI	\$70.7800	-\$1.1700
Crude - Brent	\$73.0800	-\$1.3100
Natural Gas	\$3.2530	\$0.0020
Gasoline	\$2.1342	-\$0.0220

EIA Working Gas Storage Report

	11-Jun-21	04-Jun-21	Change	11-Jun-2020
East	461	445	16	583
Midwest	570	547	23	684
Mountain	165	160	5	155
Pacific	236	276	-40	289
South Central	995	983	12	1,170
Salt	299	302	-3	358
Nonsalt	696	681	15	812
Total	2,427	2,411	16	2,880

Sprague HeatCurve October-April



WTI Continuation

