

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Crude oil prices edged higher on Thursday after major producers at an OPEC+ led meeting of the Joint Ministerial Monitoring Committee emphasized the importance of adherence to pledged production cuts and made moves to ensure that certain countries make up for failing to fully meet their reduction targets last month. Prices held up even as the market remained focused on the additional coronavirus cases that have hit the U.S. and China. July WTI added 88 cents, or 2.3%, to settle at \$38.84 a barrel. Brent for August delivery tacked on 80 cents, or 2%, to finish the session at \$41.51 a barrel. July RBOB climbed 3.5%, to settle at \$1.2577 a gallon, while July heating oil rose 1.4%, to \$1.1986 a gallon.

**Technical Analysis:** Oil prices continue to claw their way to the upside, as traders contend with worries about fuel demand amid the surge in coronavirus cases in the U.S., and China, and after U.S. government data showed lower inventories of gasoline and distillates, indicating higher demand. Reports of new cases of the coronavirus helped to cap gains, while OPEC+ works to keep output at reduced rates in hopes of supporting prices. We are still looking for the gap to be filled and therefore think that we will see \$40 a barrel, with an additional push toward \$41. Support is set at \$38.12, the current 10-day average and below that at \$35.

**Fundamental News:** Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, June 16<sup>th</sup> increased by 247,645 barrels on the week but fell by 2,208,717 barrels from Friday, June 12<sup>th</sup> to 49,172,721 barrels.

UBS raised its Brent price forecasts for the third quarter to \$40/barrel from a previous forecast of \$32/barrel and for the fourth quarter to \$45/barrel from a previous estimate of \$43/barrel. It expects Brent to trade at \$45/barrel at the end of 2020 and at \$55/barrel at the end of the second quarter of 2021. It anticipates an undersupplied oil market in the second half of 2020 and 2021.

The Joint Organizations Data Initiative reported that Saudi Arabia's crude oil exports in April increased to 10.237 million bpd from 7.391 million bpd in March. Saudi Arabia's crude output in April increased by 2.274 million bpd on the month to 12.007 million bpd. The JODI also reported that the country's refinery crude throughput in April fell 128,000 bpd to 1.84 million bpd. Saudi Arabia's crude stocks in April fell 12.747 million barrels to 143.505 million barrels.

An OPEC+ ministerial panel met on Thursday to review record oil supply cuts and plans by countries such as Iraq and Kazakhstan to improve compliance with their output quotas in a bid to support oil prices. The panel made no recommendation on extending the output cuts into August while urging countries such as Iraq and Kazakhstan to comply better with their quotas. The panel, known as the Joint Ministerial Monitoring Committee will meet again on July 15<sup>th</sup>, when it would recommend the next level of cuts.

Iraq told the OPEC+ ministerial panel that it will fully comply with its oil output cuts. It said it will compensate for the overproduction of about 570,000 bpd in May over the coming months.

Russia's Energy Minister, Alexander Novak, said the global oil market may reach a balance by the end of 2020 or in early 2021. However, he did not rule out that the supply and demand balance could be reached quicker, in a month or two.

Norway's Energy Minister, Tina Bru, said the country is not planning to deepen its oil output cuts after a decision by the OPEC+ group to prolong its own production cut.

**Early Market Call - as of 8:25 AM EDT**

WTI - July \$40.06, up \$1.22

RBOB - July \$1.2769, up 1.92 cents

HO - July \$1.2210, up 2.24 cents

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jul-20	1.1986	0.0166	-0.1106
Aug-20	1.2109	0.0143	-0.0978
Sep-20	1.2275	0.0130	-0.0909
Oct-20	1.2440	0.0118	-0.0853
Nov-20	1.2578	0.0110	-0.0808
Dec-20	1.2686	0.0105	-0.0769
Jan-21	1.2802	0.0101	-0.0736
Feb-21	1.2895	0.0096	-0.0704
Mar-21	1.2948	0.0089	-0.0670
Apr-21	1.2949	0.0087	-0.0632
May-21	1.2978	0.0083	-0.0603
Jun-21	1.3025	0.0076	-0.0572
Jul-21	1.3143	0.0068	-0.0545
Aug-21	1.3252	0.0061	-0.0520
Sep-21	1.3347	0.0052	-0.0497
Oct-21	1.3442	0.0044	-0.0479
Nov-21	1.3529	0.0034	-0.0467

Sprague Heat Weighted Strip October -April 20/2021			\$1.2783
		Close	Change
Crude - WTI	Aug Brent- WTI Spread \$2.46	\$39.0500	\$0.8400
Crude - Brent		\$41.5100	\$0.8000
Natural Gas		\$1.6380	unchanged
Gasoline		\$1.2577	\$0.0424

## EIA Working Gas Storage Report

	12-Jun-20	05-Jun-20	Change	Year Ago
East	586	563	23	463
Midwest	688	662	26	493
Mountain	156	148	8	116
Pacific	290	281	9	232
South Central	1,173	1,153	20	866
Salt	358	357	1	262
Nonsalt	815	797	18	605
Total	2,892	2,807	85	2,170

## Sprague HeatCurve October-April

## ICE August Brent-WTI Spread

### Sprague HeatCurve October-April

