

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil futures pulled back from two-year highs on Monday, pressured by the prospect of higher Iranian exports and lower Chinese demand. However, increased demand expectations for both Europe and the U.S. placed a floor under the market, as these locations commence the reopening process after COVID-19 lockdowns. While the demand side continues to drive this market, the Chinese trade data cooled things off a bit. July WTI slipped 39 cents, or 0.6%, to settle at \$69.23 a barrel, while August Brent lost 40 cents, or 0.6%, to settle at \$71.49 a barrel. July RBOB fell 1.84 cents, or 0.83%, to settle at \$2.1931 a gallon, the largest one day dollar and percentage decline since Thursday, May 20, 2021 and the end to a four session winning streak. July heating oil shed 0.2%, to nearly \$2.12 a gallon.

**Technical Analysis:** WTI retreated from the psychological resistance level of \$70, putting a temporary stop on the uptrend of this market. July WTI held below the upper Bollinger band basis a 2 standard deviation. This spot contract continues to gravitate toward the upper band, as it establishes higher lows and higher highs. That being said, we would look for buying opportunities down toward the mean of the Bollinger bands, which is currently set at \$66.20. On the bullish side of things a push through \$70.00 opens up the opportunity for this market to tack on another \$2, as it works its way toward \$72. To the downside, a break below the mean could see this market at the lower Bollinger band, which is currently set at \$62.28.

**Fundamental News:** OPEC's Secretary General, Mohammad Barkindo, said OPEC and its allies expect oil inventories to fall further in the coming months, suggesting efforts by the producers to support the market are succeeding. He said oil stocks in the developed world nations fell by 6.9 million barrels in April, 160 million barrels lower than the same time one year ago. He said OPEC+ compliance was 114% in April.

According to BP's Chief Executive Officer, Bernard Looney, the company sees a strong recovery in global crude demand and expects it to last for some time, with U.S. shale production being kept in check.

Bank of America analysts said refining margins are expected to increase as oil demand recovers but added that abundant processing capacity will continue to weigh on the market, with more than 3 million bpd of planned additions during 2021-22. They stated that while they are bullish on refined product cracks from here, the upside is seen limited.

China's General Administration of Customs reported that the country's crude oil imports in May fell 14.6% on the year to 40.97 million tons or 9.65 million bpd, the lowest level this year, as maintenance at refineries limited consumption of the resource. That compares to 9.82 million bpd in April and 11.3 million bpd in May of last year when Chinese buyers purchased cheap oil amid the spread of the coronavirus. About 1.2 million bpd of China's refining capacity was offline in May, up from 1 million bpd in April. Refined oil products exports in May fell to 5.41 million tons from 6.82 million tons in April, but increased 38.9% higher versus a year earlier.

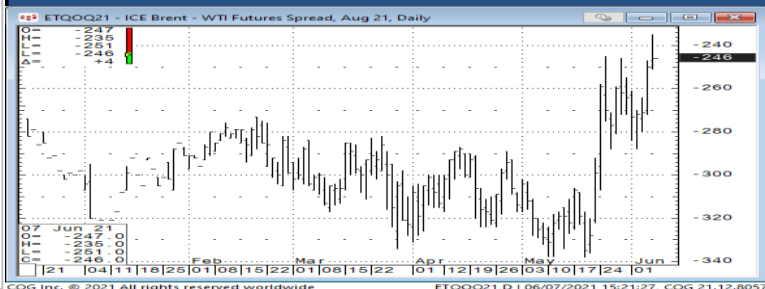
IIR Energy reported that U.S. oil refiners are expected to shut in 286,000 bpd of capacity offline in the week ending June 11<sup>th</sup>, increasing available refining capacity by 295,000 bpd from the previous week. Offline capacity is expected to fall to 260,000 bpd in the week ending June 18<sup>th</sup>.

**Early Market Call - as of 8:00 AM EDT**  
**WTI - July \$68.64, down 59 cents**  
**RBOB - July \$2.1736, down 1.92 cents**  
**HO - July \$2.0965, down 1.86 cents**

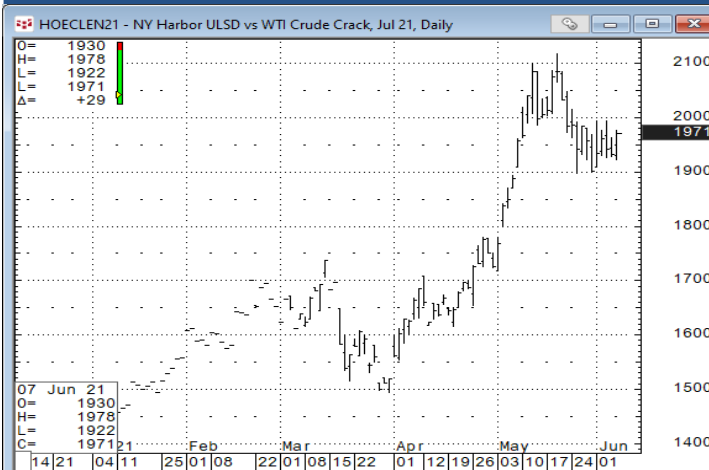
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-21	\$2.1156	-\$0.0043	\$0.0441
Aug-21	\$2.1184	-\$0.0038	\$0.0451
Sep-21	\$2.1212	-\$0.0036	\$0.0457
Oct-21	\$2.1229	-\$0.0032	\$0.0462
Nov-21	\$2.1233	-\$0.0029	\$0.0465
Dec-21	\$2.1222	-\$0.0028	\$0.0462
Jan-22	\$2.1203	-\$0.0025	\$0.0461
Feb-22	\$2.1147	-\$0.0017	\$0.0465
Mar-22	\$2.1047	-\$0.0008	\$0.0466
Apr-22	\$2.0902	-\$0.0001	\$0.0464
May-22	\$2.0807	\$0.0004	\$0.0456
Jun-22	\$2.0727	\$0.0007	\$0.0444
Jul-22	\$2.0711	\$0.0011	\$0.0444
Aug-22	\$2.0703	\$0.0015	\$0.0445
Sep-22	\$2.0700	\$0.0020	\$0.0442
Oct-22	\$2.0699	\$0.0025	\$0.0441
Nov-22	\$2.0700	\$0.0030	\$0.0440

Sprague HeatCurve October 2021-April 2022		\$2.1151
	Close	Change
Crude - WTI	\$69.0400	-\$0.3500
Crude - Brent	\$71.4900	-\$0.4000
Natural Gas	\$3.0700	-\$0.0270
Gasoline	\$2.1931	-\$0.0184

### ICE August Brent-WTI Spread



### July Heating Oil Crack Spread



### July RBOB Crack Spread

