

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices rose on Monday on upbeat economic news out of the U.S; Europe and Asia however, concern over the spread of COVID-19 and rising output from within OPEC limited gains. Oil prices erased early losses after the Institute for Supply Management showed a jump in its manufacturing index, which rose to 54.2 in July from 52.6 in June. An expansion in the industrial sector is positive for forward demand, but investors remain concerned about what impact the spread coronavirus will have. WTI for September delivery tacked on 74 cents, or 1.8%, to settle at \$41.01 a barrel, while October Brent added 63 cents, or 1.5%, to settle at \$44.15 a barrel. September RBOB rose 4.2 cents, or 3.6%, to finish at \$1.1010, while September heating oil rose 1.69 cents, or 1.4%, to settle at \$1.2409 a gallon.

Technical Analysis: Oil futures gained ground on the heels of promising economic news, amid signs of increasing OPEC production and indications that U.S. producers are not quite ready to ramp up production in the face of COVID-19. That being said, WTI remains stuck within the period of consolidation that began toward the end of June. The September contract is butting up against a minor downward trend line within the congestion period. A break above this should put this spot contract in position to test the top of the congestion period, which is set at \$41.74. \$40.85, the current 10-day moving average will provide support, with additional support set at \$39.10, the 50-day moving average. Above \$41.74, additional resistance is set the 200-day moving average, currently set at \$42.38.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Friday, July 31st increased by 576,630 barrels but fell by 929,035 barrels from Tuesday, July 28th to 54,129,268 barrels.

Venezuela exported about 388,100 bpd of crude and fuel in July, almost unchanged versus the previous month, as U.S. sanctions on PDVSA continued limiting sales. A total of 20 cargoes of crude and refined products were shipped last month from the OPEC-member country, with India emerging again as the main destination, with a third of total exports. Venezuela also exported 88,065 bpd to Europe and 85,260 bpd to Cuba. Fuel imports arriving in the South American nation, whose struggles to satisfy its domestic demand of gasoline have increased again in recent months, fell to 19,000 bpd from 63,600 bpd in June.

IIR Energy reported that U.S. oil refiners are expected to shut in 4.2 million bpd of capacity in the week ending August 7th, decreasing available refining capacity by 97,000 bpd from the previous week. Offline capacity is expected to hold steady at 4.2 million bpd in week ending August 14th.

Russian oil and gas condensate output increased to 9.8 million bpd on Aug. 1-2 from 9.37 million bpd in July as the country eases production curbs under an OPEC+ deal. The Energy Ministry declined to comment. Russia has said it will increase its production by 400,000 bpd as part of the OPEC+ agreement to reduce their output cuts to 7.7 million bpd from 9.7 million bpd. However, on Sunday, Russia's Energy Ministry said that the country's oil output in July was unchanged from levels seen in June, in line with an OPEC+ agreement.

Kazakhstan increased its oil output in July to 1.331 million bpd, up 2% from June, meaning the country was slightly over its target under a global pact among producers. According to Reuters calculations, that was 12,000 bpd above Kazakhstan's target under a deal between members of OPEC and allies, a grouping known as OPEC+.

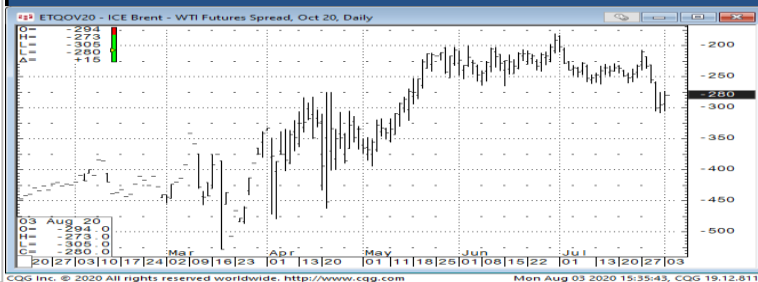
Early Market Call - as of 8:25 AM EDT

WTI - Sep \$40.24, down 77 cents
 RBOB - Sep \$1.1975, down 1.56 cents
 HO - Sep \$1.2251, down 1.56 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-20	1.2560	0.0320	0.0062
Oct-20	1.2750	0.0359	0.0014
Nov-20	1.2939	0.0364	-0.0020
Dec-20	1.3113	0.0359	-0.0048
Jan-21	1.3246	0.0324	-0.0038
Feb-21	1.3325	0.0279	-0.0009
Mar-21	1.3355	0.0234	0.0021
Apr-21	1.3422	0.0274	-0.0035
May-21	1.3503	0.0293	-0.0067
Jun-21	1.3639	0.0347	-0.0133
Jul-21	1.3768	0.0338	-0.0132
Aug-21	1.3889	0.0329	-0.0124
Sep-21	1.3997	0.0318	-0.0120
Oct-21	1.4094	0.0307	-0.0112
Nov-21	1.4169	0.0284	-0.0088
Dec-21	1.4275	0.0311	-0.0111
Jan-22	1.4347	0.0272	-0.0077

Sprague Heat Weighted Strip October -April 20/2021			\$1.3199
		Close	Change
Crude - WTI	Sep Brent-	\$41.3100	\$0.7400
Crude - Brent	WTI Spread	\$44.1500	\$0.6300
Natural Gas	\$2.84	\$2.1010	\$0.3020
Gasoline		\$1.2131	\$0.0420

ICE October Brent-WTI Spread



September Heating Oil Crack Spread

September RBOB Crack Spread

