

Market Commentary

Recap: U.S. oil futures fell slightly on Wednesday, one day after reaching their highest level since March, as inventory data showed a larger than expected build in U.S. crude oil stockpiles, and as tensions between the U.S. and China increase, raising demand concerns. Losses were modest; however, as the potential of a hurricane threatens output disruptions and positive results in trials for a COVID-19 vaccine could lead to a rise in demand. September WTI lost 2 cents, or 0.05%, to settle at \$41.90 and RBOB rose by 0.2% to \$1.2828 a gallon, but August heating oil fell 0.7% to \$1.2707 a gallon.

Technical Analysis: WTI bounced off of the 10-day moving average to recapture \$41.63, the top of the sideways pattern it had been trading in since the beginning of June. This market is trying to stay above this key level but succumbed to pressure from the fundamental aspects of the inventory numbers amidst faltering demand. The inability to contain the coronavirus continues to have a negative impact on demand, casting a shadow of doubt for this market to maintain strength. At this point in time, we think that prices can go either way, as technical indicators are set high in over bought territory. A trade above the recent high of \$42.51 will provide a level of comfortability for bulls, who should then try to get this market up toward resistance set at \$46.19. To the downside, support is set at \$41.05 and below that at \$40.28.

Fundamental News: IIR Energy reported that U.S. oil refiners are expected to shut in 3.7 million bpd of capacity offline in the week ending July 24th, increasing available refining capacity by 412,000 bpd from the previous week. Offline capacity is expected to hold steady at 3.7 million bpd in the week ending July 31st.

The U.S. National Hurricane Center said a system located over the eastern Gulf of Mexico, central and southern Florida, and western Cuba has a 40% chance of becoming a cyclone in the next 48 hours. The disturbance is expected to move over the central Gulf today. It also reported that Tropical Storm Gonzalo has formed over the Atlantic Ocean. The storm is located about 1,250 miles east of the southern Windward Islands, while packing maximum sustained winds of 45 mph.

In his first press briefing in months on the pandemic, U.S. President Donald Trump said the outbreak would probably get worse before it gets better, one of his first recent acknowledgements of the spread of the problem.

The United States has told the Chinese consulate in Houston to shut down in three days, citing a need to protect American intellectual property and information, amid a sharp deterioration in relations between the two countries. The U.S. Department of State confirmed the impending closure of the Houston consulate, after China's Foreign Ministry reported it had been told to shut the mission. U.S. Secretary of State Mike Pompeo offered no specifics, but repeated accusations about Chinese theft of U.S. and European intellectual property, which he said were costing "hundreds of thousands of jobs." It was not immediately clear why China's Houston consulate was singled out. Republican Senator, Marco Rubio, acting chairman of the Senate Intelligence Committee, said the Houston consulate was "basically a front." China condemned the order and threatened retaliation. A source said China was considering ordering the closure of the U.S. consulate in the central city of Wuhan.

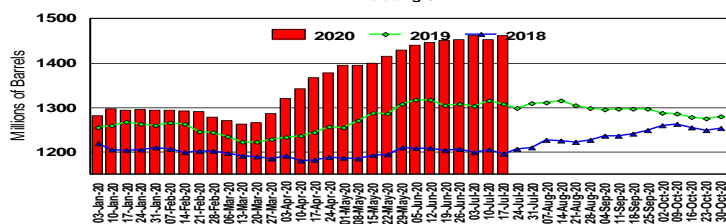
Early Market Call - as of 8:30 AM EDT
WTI - Sep \$41.71, down 19 cents
RBOB - Aug \$1.2797, down 31 points
HO - Aug \$1.2709, up 2 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-20	1.2707	-0.0093	-0.0259
Sep-20	1.2810	-0.0086	-0.0235
Oct-20	1.2941	-0.0075	-0.0223
Nov-20	1.3089	-0.0063	-0.0232
Dec-20	1.3220	-0.0055	-0.0242
Jan-21	1.3348	-0.0052	-0.0242
Feb-21	1.3440	-0.0052	-0.0233
Mar-21	1.3483	-0.0049	-0.0220
Apr-21	1.3481	-0.0045	-0.0212
May-21	1.3513	-0.0044	-0.0197
Jun-21	1.3561	-0.0046	-0.0174
Jul-21	1.3678	-0.0041	-0.0162
Aug-21	1.3793	-0.0036	-0.0155
Sep-21	1.3893	-0.0034	-0.0147
Oct-21	1.3991	-0.0033	-0.0143
Nov-21	1.4086	-0.0036	-0.0136
Dec-21	1.4164	-0.0037	-0.0127

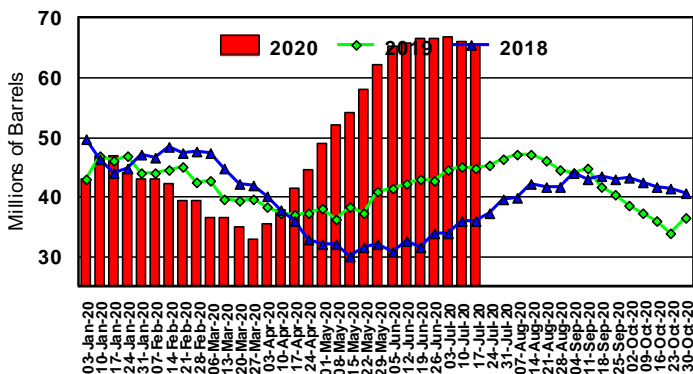
Sprague Heat Weighted Strip October -April 20/2021		\$1.3316	
		Close	Change
Crude - WTI	Sep Brent- WTI Spread \$2.39	\$41.9000	-\$0.0200
Crude - Brent		\$44.2900	-\$0.0300
Natural Gas		\$1.6810	\$0.0060
Gasoline		\$1.2828	\$0.0031

Total U.S. Oil Stocks
Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending July 17, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 4.892 million barrels
Cushing, OK Crude Stocks Up 1.375 million barrels
Gasoline Stocks Down 1.802 million barrels
Distillate Stocks Up 1.074 million barrels
Refinery % Operated 77.9%, down 0.2%

PADD #1

Distillate Stocks (in million bbls)	Week Ending July 17, 2020	Week Ending July 10, 2020	Week Ending July 18, 2019
New England	12.7	12.8	6.5
Central Atlantic	38.6	39.3	25.6
Total PADD #1	65.5	66.0	44.7
Distillate Imports (thousands b/d)	43	93	34