

Market Commentary

Recap: Like most commodity and equity markets today, the oil markets finished the day higher finding support from positive economic news coming out of China earlier in the day, as well as indications that budget talks in Washington still were not dead. While the September heating oil contract posted an inside trading session the crude and gasoline market were able to move above Friday's highs but still did not break out of their basic sideways trading pattern this summer. In fact the September WTI contract continues to fail in breaching the 200 day moving average and settling above it.

Technical Analysis: It appears that without a major economic or political surprise news event over the next two days this market will continue treading water and take its price direction from the API and EIA oil inventory reports. In the September crude oil we would look for initial resistance at \$42.33-\$42.38 followed by \$43.52 and \$44.37. Support is seen at \$41.12-\$41.06 followed by \$40.55, \$39.34 and \$38.10.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Friday, August 7th increased by 1,591,719 barrels and by 723,275 barrels from Tuesday, August 4th to 55,720,988 barrels.

Saudi Aramco's Chief Executive, Amin Nasser, said Saudi Arabia is proceeding with a plan to raise its oil production capacity to 12 million bpd. On Sunday, he stated that he sees oil demand recovering in Asia as economies gradually open up after the easing of coronavirus lockdowns. The company's Chief Executive said he was confident that demand for energy will rebound in the longer term as the global economy recovers. Saudi Aramco reported a 73.4% decline in second-quarter net profit, a steeper drop than analysts had expected, due to lower crude oil prices and declining refining and chemicals margins, as the coronavirus hit demand. Net profit fell to 24.6 billion riyals or \$6.57 billion for the quarter to June 30th from 92.6 billion riyals a year earlier.

The chairman of Libya's National Oil Corp, Mustafa Sanalla, warned against the risk of a disaster at the country's oil ports due to a growing military presence, with storage tanks held at capacity for months due to a blockade. Eastern forces in the civil war have been stopping energy exports since January, bringing most output to a halt and causing storage tanks to fill. After the latest bout of warfare in June, the NOC said mercenaries had moved into oil fields and ports held by the eastern forces. The chairman of Libya's NOC compared the risk of a disaster to Tuesday's blast in Beirut, where Lebanon's government said a fire ignited 2,750 tons of ammonium nitrate left unsecured at the port for years, killing scores of people and wounding thousands.

IIR Energy reported that U.S. oil refiners are expected to shut in about 3.9 million bpd of capacity in the week ending August 14th, increasing available refining capacity by 289,000 bpd from the previous week. Offline capacity is expected to decline further to 3.8 million bpd in the week ending August 21st.

Early Market Call - as of 8:21 AM EDT

- WTI - Sep \$42.74 up 80 cents
- RBOB - Sep \$1.2481 up 1.88 cents
- HO - Sep \$1.2526 up 1.57 cents

All NYMEX | Prior Settlements

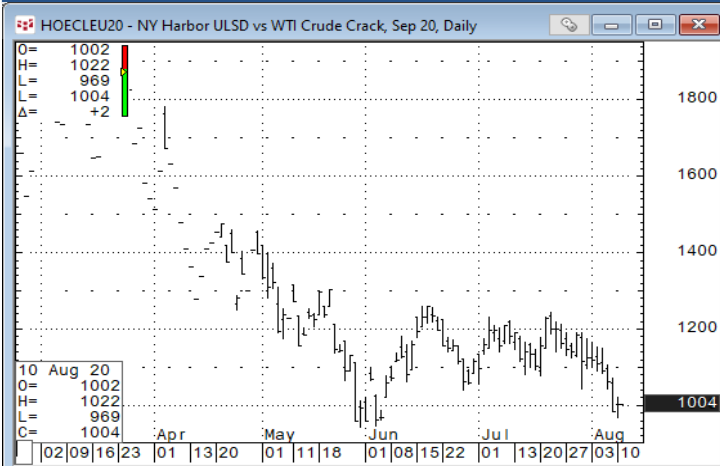
| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Sep-20 | 1.2369 | 0.0170 | 0.0040 |
| Oct-20 | 1.2596 | 0.0168 | -0.0036 |
| Nov-20 | 1.2808 | 0.0171 | -0.0058 |
| Dec-20 | 1.3012 | 0.0176 | -0.0073 |
| Jan-21 | 1.3202 | 0.0180 | -0.0089 |
| Feb-21 | 1.3352 | 0.0185 | -0.0106 |
| Mar-21 | 1.3450 | 0.0190 | -0.0125 |
| Apr-21 | 1.3500 | 0.0192 | -0.0145 |
| May-21 | 1.3576 | 0.0188 | -0.0154 |
| Jun-21 | 1.3663 | 0.0184 | -0.0160 |
| Jul-21 | 1.3803 | 0.0184 | -0.0164 |
| Aug-21 | 1.3938 | 0.0184 | -0.0170 |
| Sep-21 | 1.4065 | 0.0186 | -0.0176 |
| Oct-21 | 1.4178 | 0.0186 | -0.0181 |
| Nov-21 | 1.4282 | 0.0185 | -0.0188 |
| Dec-21 | 1.4361 | 0.0180 | -0.0192 |
| Jan-22 | 1.4462 | 0.0177 | -0.0187 |

| Sprague Heat Weighted Strip October -April 20/2021 | | Close | Change |
|--|------------|-----------|-----------|
| Crude - WTI | Oct Brent- | \$42.1700 | \$0.6800 |
| Crude - Brent | WTI Spread | \$44.9900 | \$0.5900 |
| Natural Gas | \$2.82 | \$2.1530 | -\$0.0850 |
| Gasoline | | \$1.2293 | \$0.0217 |

ICE October Brent-WTI Spread



September Heating Oil Crack Spread



September RBOB Crack Spread

