

Market Commentary

Recap: Crude oil futures climbed throughout the session, stretching beyond the settlement price in late afternoon trading, after the Energy Information Administration reported a 6.9 million barrel draw in U.S. crude oil inventories, marking the seventh straight week of declines. Oil prices have risen almost 50% this year as U.S. refineries run close to full-bore to keep up with fuel demand. While the U.S. recovery quickens, the world's largest oil producers can't agree on how to supply the market with Saudi Arabia advocating for tempered supply increases given the potential headwinds that still exist. WTI for August delivery rose 74 cents, or 1%, to close at \$72.94 a barrel, after trading as low as \$70.76. September Brent rose 69 cents, or 0.9%, finishing at \$74.12 a barrel. Gasoline demand surged to a record high as Americans took to the road for the July 4th holiday weekend. Gasoline supplied, a proxy for demand, rose to 10 million barrels a day the week ended July 2, and the highest in data going back to 1990, according to the Energy Information Administration. Demand has regained its footing as vaccinations and easing economic restrictions propel more Americans to resume their pre-pandemic lifestyles. August RBOB futures surged higher, with the August contract rising 4.92 cents, or 2.2%, to end at \$2.2552 a gallon. August heating oil rose 1.5% to finish at \$2.1204.

Technical Analysis: WTI came roaring back after dipping below \$71 a barrel for the first time since the middle of June. Thursday's strong comeback indicates that this market is resilient and that the uptrend persists. A break above \$73.60 should see this market back above \$75. Beyond that, there is resistance set near the \$77 area. To the downside, support is seen at the 50-day moving average, currently set at \$69.55. At this point, we do not see the market dropping far below this level, as we expect to see quite a bit of buying down below.

Fundamental News: According to S&P Global Platts, OPEC and its allies added 540,000 bpd of crude in June. OPEC's 13 members produced 26.19 million bpd in June, up 480,000 bpd from May, mostly due to Saudi Arabia's continued unwinding of its voluntary extra production cut. The group's nine non-OPEC partners, led by Russia, produced 13.27 million bpd, an increase of 60,000 bpd from May. Despite the production gains, higher quotas for the month meant OPEC+ compliance was at 110.16% compared to 111.45% in May. Saudi Arabia account for a majority of the June increase, increasing its output by 470,000 bpd to 8.97 million bpd. Iraq's output fell to 3.94 million bpd, while Nigeria produced 1.48 million bpd in June, its lowest level since January. Meanwhile, Russia tightened its compliance to 97% in June, its highest monthly compliance rate since February. Russia's crude output averaged 9.51 million bpd in June, unchanged on the month. The group's exempt members, Iran, Libya and Venezuela added a combined 70,000 bpd in June. Iran produced 2.48 million bpd in June, up 50,000 bpd on the month, while Libya and Venezuela increased their output by 10,000 bpd each in June to 1.16 million bpd and 550,000 bpd, respectively.

Gasoline stocks held in the Amsterdam-Rotterdam-Antwerp storage hub in the week ending July 8th fell by 4.24% on the week and by 23.24% on the year to 994,000 tons, while gasoil stocks fell by 2.56% on the week and by 14.82% on the year to 2.282 million tons and fuel oil stocks fell by 14.35% on the week and by 16.77% on the year ..

North Dakota is suing the U.S. government on claims the Department of the Interior and the Bureau of Land Management illegally canceled oil and gas lease auctions in the state. The complaint, filed with the United States District Court for the District of North Dakota Western Division, said March and June auctions canceled by the federal agencies cost the state \$80 million in lost revenues.

Venezuela's PDVSA has started producing two upgraded crude grades for domestic refining, aiming at increasing the country's output of motor fuels.

Early Market Call - as of 8:10 AM EDT
WTI - Aug \$73.71 up 77 cents
RBOB - Aug \$2.2754 up 2.02 cents
HO - Aug \$2.7324 up 1.2 cents

All NYMEX | Prior Settlements

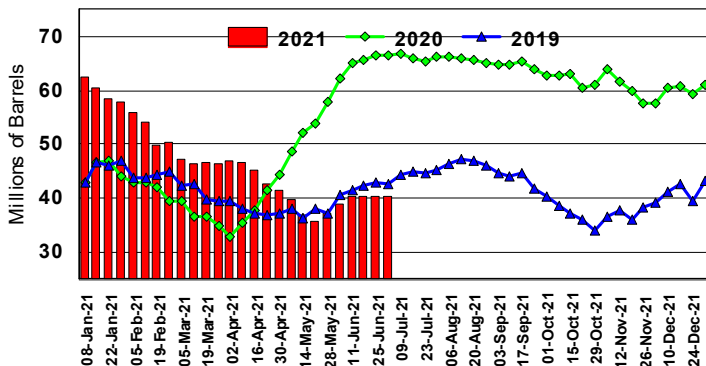
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-21	\$2.1204	\$0.0313	-\$0.0358
Sep-21	\$2.1221	\$0.0309	-\$0.0358
Oct-21	\$2.1216	\$0.0308	-\$0.0359
Nov-21	\$2.1194	\$0.0304	-\$0.0365
Dec-21	\$2.1162	\$0.0298	-\$0.0373
Jan-22	\$2.1129	\$0.0291	-\$0.0377
Feb-22	\$2.1062	\$0.0279	-\$0.0382
Mar-22	\$2.0940	\$0.0266	-\$0.0390
Apr-22	\$2.0777	\$0.0258	-\$0.0383
May-22	\$2.0653	\$0.0256	-\$0.0367
Jun-22	\$2.0569	\$0.0257	-\$0.0346
Jul-22	\$2.0534	\$0.0249	-\$0.0348
Aug-22	\$2.0509	\$0.0242	-\$0.0353
Sep-22	\$2.0490	\$0.0236	-\$0.0372
Oct-22	\$2.0478	\$0.0231	-\$0.0360
Nov-22	\$2.0463	\$0.0228	-\$0.0361
Dec-22	\$2.0441	\$0.0229	-\$0.0361

Sprague HeatCurve October 2021-April 2022		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$1.90	\$72.2200	\$0.7200
Crude - Brent		\$74.1200	\$0.6900
Natural Gas		\$3.6880	\$0.0920
Gasoline		\$2.2552	\$0.0492

EIA Working Gas Storage Report				
	02-Jul-21	25-Jun-21	Change	02-Jul-2020
East	521	513	8	654
Midwest	638	623	15	758
Mountain	177	173	4	179
Pacific	246	244	2	309
South Central	991	1,005	-14	1,225
Salt	286	296	-10	365
Nonsalt	705	709	-4	861
Total	2,574	2,558	16	3,125

Weekly EIA Petroleum Status Report for the Week Ending July 2, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 6.866 million barrels
 Cushing, OK Crude Stocks Down 614,000 barrels
Gasoline Stocks Down 6.075 million barrels
Distillate Stocks Up 1.616 million barrels
Refinery % Operated 92.2%, Down 0.7%

PADD #1

Distillate Stocks (in million bbls)	Week Ending July 2, 2021	Week Ending June 25, 2021	Week Ending July 3, 2020
New England	7.0	7.6	13.0
Central Atlantic	20.5	20.3	39.2
Total PADD #1	40.4	40.5	66.8
Distillate Imports (thousands b/d)	114	208	57