

Market Commentary

Recap: Oil futures pared earlier gains after U.S. Federal Reserve Chairman Powell said inflation could turn out to be higher and more persistent than expected. The dollar strengthened following the policy announcement, weighing on commodities across the board. Interest rates were held at near zero but optimism over the progression of the U.S. economic recovery prompted more Fed officials to pencil in rate hikes by the end of 2021. Prices were initially spurred higher by the larger than expected draw in U.S. crude oil inventories. Oil futures climbed to fresh highs for 2021, hitting their highest level since October 2018. August Brent touched close to \$75, peaking the session at \$74.96 a barrel, a gain of 97 cents, or 1.4%, while July WTI hit a session high of \$72.99 a barrel adding as much as 87 cents, or 1.2%. July WTI settled at \$72.15 a barrel, up 3 cents, or 0.04%, while August Brent rose 40 cents, or 0.5%, to \$74.39 a barrel. Petroleum products marked small losses, with July RBOB down 0.7%, settling at \$2.16 a gallon. RBOB has fallen four consecutive sessions, falling 5.60 cents, or 2.53%, and is down five out of the last six sessions. July heating oil slipped 0.4%, to close at \$2.10 a gallon.

Technical Analysis: WTI continues to claw its way higher on hopes of increasing demand. The July contract remains wedged between the upper Bollinger Band and the 5-day average, while moving oscillators are showing signs of exhaustion. At this point, all eyes and ears are on the U.S. Iran nuclear deal. If a deal is struck, sanctions against Iranian oil exports could be lifted, veiling the market with a bearish hue. Should this occur, we would expect weak longs to exit the market and for a technical sell-off to ensue. Support is set at \$71.55 and below that at \$70.60. A break below \$70 could push this market down toward the \$67 level. To the upside, a break above \$73.50 could push this market toward \$75.

Fundamental News: The EPA is set to propose renewable fuel requirements within weeks. The targets will dictate how much corn-based ethanol, biodiesel and other renewable fuels oil refiners must blend into their products in 2021 and 2022. The EPA is considering more modest targets under the Renewable Fuel Standard program. The agency is also moving to abandon a plan for incorporating waived quotas that had been adopted under former President Donald Trump.

IIR Energy reported that U.S. oil refiners are expected to shut in 313,000 bpd of capacity in the week ending June 18th, increasing available refining capacity by 88,000 bpd from the previous week. Offline capacity is expected to fall to 207,000 bpd in the week ending June 25th.

Mahmoud Vaezi, the chief of staff for Iranian President Hassan Rouhani, said an extension of the temporary inspections pact with the IAEA will happen only if there is progress at the current round of talks in Vienna over how to restore the nuclear agreement. He said he hopes there will be "good news in the coming weeks" from the negotiations, and reiterated the parties have agreed on "many important economic issues," without giving details.

The Director General of the U.N.'s IAEA, Rafael Grossi, said reviving the 2015 Iran nuclear accord will have to await the formation of a new Iranian government, adding that a deal needed political will from all parties. He appeared to be referring to Iran's presidential elections, due on Friday. Iran's new president is expected to name his cabinet by mid-August. The term of current President Hassan Rouhani ends on August 3rd.

RBC Capital Markets said Iran and world powers may reach a deal on a nuclear agreement by August, allowing U.S. sanctions to be lifted or waived and likely cause a "strong show" of oil exports. It said the nuclear agreement is expected to be reached before President Hassan Rouhani and Foreign Minister Mohammad Javad Zarif leave office in August.

Early Market Call - as of 11:07 AM EDT

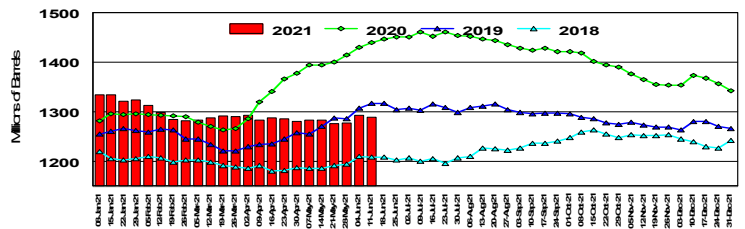
WTI - July \$71.63 down 52 cents
 RBOB - July \$2.1528 down 34 points
 HO - July \$2.0983 down 51 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-21	2.1034	-0.0089	-0.0261
Aug-21	2.1057	-0.0090	-0.0268
Sep-21	2.1086	-0.0091	-0.0270
Oct-21	2.1100	-0.0093	-0.0276
Nov-21	2.1094	-0.0095	-0.0285
Dec-21	2.1072	-0.0094	-0.0293
Jan-22	2.1042	-0.0095	-0.0301
Feb-22	2.0983	-0.0095	-0.0304
Mar-22	2.0872	-0.0097	-0.0317
Apr-22	2.0709	-0.0104	-0.0335
May-22	2.0586	-0.0113	-0.0359
Jun-22	2.0487	-0.0119	-0.0377
Jul-22	2.0461	-0.0121	-0.0387
Aug-22	2.0444	-0.0121	-0.0396
Sep-22	2.0432	-0.0120	-0.0408
Oct-22	2.0420	-0.0120	-0.0414
Nov-22	2.0410	-0.0120	-0.0423

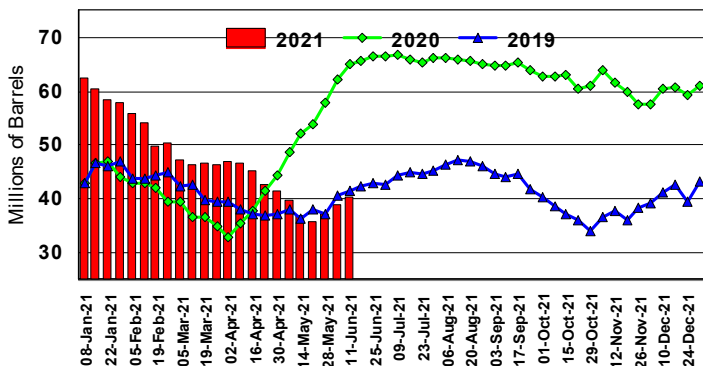
Sprague HeatCurve October 2021-April 2022		\$2.0991
	Close	Change
Crude - WTI	\$71.9500	\$0.0900
Crude - Brent	\$74.3900	\$0.4000
Natural Gas	\$3.2510	\$0.0110
Gasoline	\$2.1562	-\$0.0143

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending June 11, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 7.355 million barrels
 Cushing, OK Crude Stocks Down 2.15 million barrels
Gasoline Stocks Up 1.954 million barrels
Distillate Stocks Down 1.023 million barrels
Refinery % Operated 92.6%, Up 1.3%

PADD #1

Distillate Stocks (in million bbls)	Week Ending June 11, 2021	Week Ending June 4, 2021	Week Ending June 12, 2020
New England	6.9	6.7	12.7
Central Atlantic	20.4	19.1	38.2
Total PADD #1	40.5	39.0	65.7
Distillate Imports (thousands b/d)	301	131	138