

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices lost more than 5% on Wednesday as evidence of rising coronavirus cases in many countries raised questions about efforts to restart global economies and U.S. government data reveal a third straight weekly climb in domestic crude inventories. The International Monetary Fund on Wednesday also slashed its economic forecast for 2020 to negative 4.9%, saying that the coronavirus pandemic has caused an unprecedented decline in global activity. WTI for August slipped \$2.36, or nearly 5.9%, to settle at \$38.01 a barrel. August Brent fell \$2.32, or 5.4%, to finish at \$40.31 a barrel. July RBOB fell by 7.9% to \$1.1964 a gallon and July heating oil settled at \$1.1508 a gallon, down 4.3%.

Technical Analysis: August WTI came down to test the bottom line of the ascending channel that can be depicted on a daily bar chart for this spot contract. Despite penetrating this line, the August contract did not settle below it, leaving it in place as a level of support. With the slow stochastics crossing to the downside, we would look for another test of the trend line, with a successful settlement below the line triggering a technical selloff. This line is currently set at \$37.62 for Thursday's session. Below the line additional support is set at \$35. To the upside resistance is set at \$38.53, the current 10-day moving average and above that at \$40.55.

Fundamental News: IIR Energy reported that U.S. oil refiners are expected to shut in 4 million bpd of capacity in the week ending June 26th, increasing available refining capacity by 32,000 bpd from the previous week. Offline capacity is expected to fall to 3.8 million bpd in the week ending July 3rd.

Mercuria's Chief Executive, Marco Dunand, sees the oil market in deficit in July with stock draws reaching about 2 million bpd as the world economy rebounds after coronavirus lockdowns. He stated that during the peak lockdown period in April oil demand fell by about 20 million to 22 million bpd, or 20% or more of world demand. At the height of the lockdown, traders struggled to find space to store about 1 billion barrels of crude and products. Despite fears about running out of space, Mercuria did not completely fill its tanks. He said an extra 800 million barrels of oil, including 200 million barrels of government reserves, was being stored compared with last year.

Total exports of Nigeria's four main crude grades are expected to fall in August to 743,000 bpd from 768,000 bpd in July. Bonny Light crude exports in August are expected to increase to 218,000 bpd from 189,000 bpd in July, while Bonga crude exports are expected to increase to 123,000 bpd in August from 92,000 bpd in July. Qua Iboe crude exports are expected to fall to 184,000 bpd in August from 215,000 bpd in July, while Forcados crude exports are expected to fall to 218,000 bpd in August from 272,000 bpd in July.

Iraq's Oil Ministry reported that the country's crude oil exports in May totaled 99.58 million barrels or 3.21 million bpd. Iraq's oil revenue was \$2.41 billion in May.

Analysts and trade sources said China will cut its crude imports in the third quarter, after record purchases in recent months, as higher oil prices impact demand and refiners worry about a second virus outbreak. China imported a record 11.3 million bpd of crude in May, with volumes set to rise in June and July, as cheap crude purchased during an oil price slump in April arrives in the country. However, China is expected to receive around 800,000 to 1.3 million bpd less crude from abroad in August and September than it did in May.

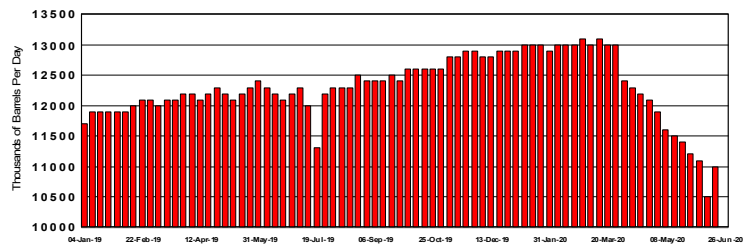
Early Market Call - as of 8:25 AM EDT

WTI - Aug \$37.14 down 87 cents
 RBOB - July \$1.1388 down 5.76 cents
 HO - July \$1.1202 down 3.06 cents

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jul-20	1.1508	-0.0522	0.0312
Aug-20	1.1657	-0.0498	0.0309
Sep-20	1.1863	-0.0500	0.0282
Oct-20	1.2071	-0.0491	0.0251
Nov-20	1.2256	-0.0482	0.0212
Dec-20	1.2403	-0.0473	0.0178
Jan-21	1.2551	-0.0463	0.0150
Feb-21	1.2666	-0.0454	0.0133
Mar-21	1.2738	-0.0444	0.0121
Apr-21	1.2759	-0.0432	0.0103
May-21	1.2797	-0.0423	0.0098
Jun-21	1.2851	-0.0415	0.0098
Jul-21	1.2977	-0.0404	0.0098
Aug-21	1.3096	-0.0394	0.0095
Sep-21	1.3202	-0.0381	0.0093
Oct-21	1.3305	-0.0371	0.0093
Nov-21	1.3402	-0.0359	0.0093

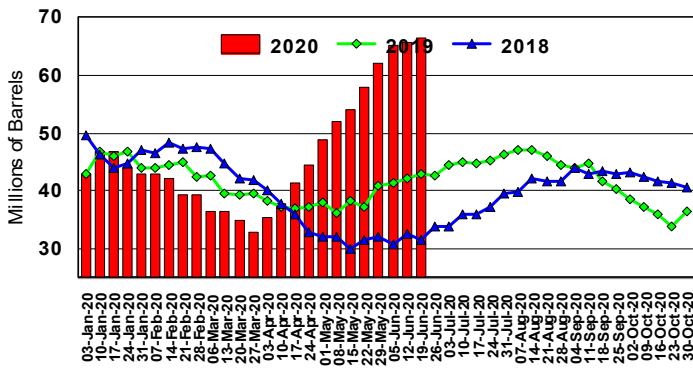
Sprague Heat Weighted Strip October -April 20/2021		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$2.30	\$38.0100	-\$2.3600
Crude - Brent		\$40.3100	-\$2.3200
Natural Gas		\$1.5970	-\$0.0400
Gasoline		\$1.1964	-\$0.0103

U.S. Domestic Crude Production



Weekly EIA Petroleum Status Report for the Week Ending June 19, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.442 million barrels
 Cushing, OK Crude Stocks Down 991,000 barrels
Gasoline Stocks Down 1.673 million barrels
Distillate Stocks Up 249,000 barrels
Refinery % Operated 74.6%, up 0.8%

PADD #1

Distillate Stocks (in million bbls)	Week Ending June 19, 2020	Week Ending June 12, 2020	Week Ending June 21, 2019
New England	13.2	12.7	5.6
Central Atlantic	38.4	38.2	23.8
Total PADD #1	66.4	65.7	43.1
Distillate Imports (thousands b/d)	48	138	20