

Market Commentary

Recap: Oil slipped as the dollar rose and investors awaited further signals from the OPEC+ alliance on its production policy after a dispute upended talks. August WTI fell as much as 3.7%, to a session low of \$71.07 a barrel, as a strong dollar reduced the appeal of dollar denominated commodities. With the jury still out on the chaos within OPEC+, investors are assessing the ongoing crisis within the producer alliance and its effect on global supplies. Oil prices have soared more than 50% so far this year with consumption returning and the previous OPEC+ production deal keeping a lid on output. But investors remain uncertain about both the future of the alliance's supply agreement as well as the demand recovery with the delta variant continuing to plague nations. August WTI fell \$1.17, or 1.6%, to close at \$72.20 a barrel, while Brent for September delivery slipped \$1.10, or 1.5%, to settle at \$73.43 a barrel. August RBOB fell 1% to close at \$2.206 a gallon, while August heating oil lost 0.8%, ending at \$2.0891 a gallon.

Market Outlook:

August WTI dropped below the centerline (a 20-day moving average) on the Bollinger Bands based upon a 2 point standard deviation. This type of move warns of a trend reversal to the downside. Based upon this move, we would look for WTI to work toward the psychological support level or \$70. A push below \$70 could see this market test the lower Bollinger Band, which is currently set at \$69.70. Resistance is set at \$72.85 and above that at \$74.47.

Fundamental News: The U.S. Energy Information Administration on Wednesday cut its 2021 world oil demand growth forecast by 80,000 bpd to 5.33 million bpd and increased its oil demand growth estimate for 2022 by 80,000 bpd to 3.72 million bpd. It forecast that global demand in 2021 will total 97.63 million bpd and 101.35 million bpd in 2022. The EIA reported that total world supply is expected to increase by 2.47 million bpd to 96.67 million bpd in 2021 and by 5.14 million bpd to 101.81 million bpd in 2022. OPEC oil output in 2021 is expected to increase by 1.19 million bpd to 26.79 million bpd and increase by 1.84 million bpd to 28.63 million bpd in 2022. U.S. oil output is forecast to fall by 210,000 bpd to 11.1 million bpd in 2021 but increase by 750,000 bpd to 11.85 million bpd in 2022. The EIA reported that U.S. oil demand in 2021 is expected to increase by 1.52 million bpd to 19.64 million bpd and by 1.04 million bpd to 20.68 million bpd in 2022. Gasoline demand is expected to increase by 700,000 bpd to 8.73 million bpd in 2021 and by 240,000 bpd to 8.97 million bpd in 2022. Distillate demand is expected to increase by 290,000 bpd to 4.07 million bpd in 2021 and by 190,000 bpd to 4.26 million bpd in 2022. In regards to prices, the EIA estimates that the price of Brent crude is expected to average \$72/barrel in the second half of 2021 and fall to \$67/barrel in 2022.

Platts is reporting that gasoline exports from Northwest Europe to the U.S. were expected to fall sharply after weeks of strong inventory builds along the U.S. East Coast. Commodity data company Kpler showed around 450,000 barrels of gasoline were expected to be loaded for export from Northwest Europe bound for the USAC in the week ending July 11th, down from the 2.12 million barrels loaded the previous week.

According to The Wall Street Journal, the UAE wants to produce more now so that it can invest in diversification before oil demand declines. It stated that the UAE is not worried about a sudden decline in demand and expects to have buyers for its crude for decades. However, people familiar with the new strategy say the country wants to pump and sell as much as it can now, when demand and prices are strong.

Three OPEC+ sources said Russia is leading efforts to close divisions between Saudi Arabia and the United Arab Emirates to help strike a deal to increase oil output in coming months, with OPEC and its allies yet to set a date for their next oil policy meeting.

Early Market Call - as of 8:30 AM EDT

WTI - Aug \$72.08, down 12 cents
 RBOB - Aug \$2.2111, up 51 points
 HO - Aug \$2.0868, down 23 points

All NYMEX | Prior Settlements

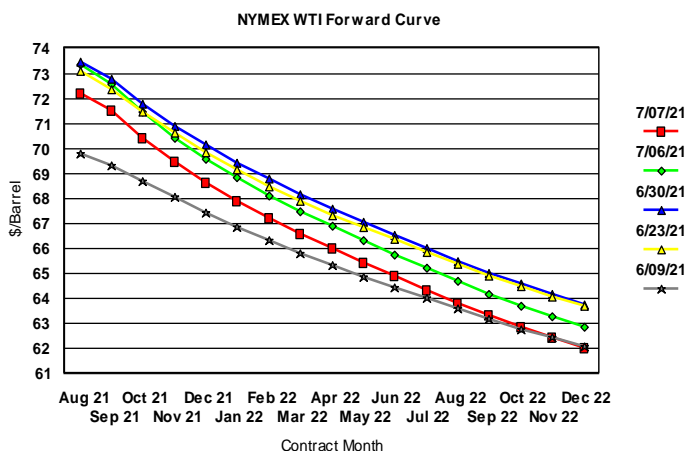
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-21	\$2.0891	-\$0.0158	-\$0.0392
Sep-21	\$2.0912	-\$0.0162	-\$0.0395
Oct-21	\$2.0908	-\$0.0164	-\$0.0406
Nov-21	\$2.0890	-\$0.0166	-\$0.0413
Dec-21	\$2.0864	-\$0.0166	-\$0.0420
Jan-22	\$2.0838	-\$0.0166	-\$0.0422
Feb-22	\$2.0783	-\$0.0163	-\$0.0423
Mar-22	\$2.0674	-\$0.0164	-\$0.0423
Apr-22	\$2.0519	-\$0.0158	-\$0.0416
May-22	\$2.0397	-\$0.0151	-\$0.0404
Jun-22	\$2.0312	-\$0.0142	-\$0.0388
Jul-22	\$2.0285	-\$0.0137	-\$0.0386
Aug-22	\$2.0267	-\$0.0133	-\$0.0386
Sep-22	\$2.0254	-\$0.0129	-\$0.0399
Oct-22	\$2.0247	-\$0.0125	-\$0.0386
Nov-22	\$2.0235	-\$0.0121	-\$0.0387
Dec-22	\$2.0212	-\$0.0120	-\$0.0390

Sprague HeatCurve October 2021-April 2022			\$2.0790
		Close	Change
Crude - WTI	Sep Brent- WTI Spread \$1.93	\$71.5000	-\$1.0800
Crude - Brent		\$73.4300	-\$1.1000
Natural Gas		\$3.5960	-\$0.0410
Gasoline		\$2.2060	-\$0.0222

API Report for the Week Ending July 2, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 7.98 million barrels	Down 6.2 million bbls
Cushing, OK Crude Stocks	Up 152,000 barrels	
Gasoline Stocks	Down 2.74 barrels	Down 1.7 million barrels
Distillate Stocks	Up 1.09 million barrels	Up 1.4 million barrels
Refinery Runs		Up 0.5%, at 93.4%
Crude Imports		

WTI Forward Curve



WTI Continuation

