

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil prices slipped on Thursday as fear of resurgence in global COVID-19 cases put demand front and center as major oil producers begin to relax output restrictions. The dismal jobs report and worse than expected GDP in the U.S. added to demand concerns. September WTI fell \$1.35, or 3.3%, to settle at \$39.92 a barrel. That was the first settlement below \$40 and lowest front-month contract finish since July 9, according to Dow Jones Market Data. September Brent, which expires at the end of Friday's session, fell 81 cents, or nearly 1.9%, at \$42.94 a barrel. August RBOB fell 1.7% to \$1.2204 a gallon, while August heating oil shed 3.3% to \$1.2119 a gallon.

**Technical Analysis:** September WTI fell below \$40, but a lack of follow through below \$38.94, the 50-day moving average, sparked a technical bounce. With the coronavirus showing signs of resurgence, and this spot contract settling below \$40, we would look for further down side movement. We would look for a push below the 50-day moving average, with support set below that at \$37.32. The \$40 level will now act as resistance, with additional resistance set at \$40.96, the current 10-day moving average.

**Fundamental News:** Iraq's crude oil exports have increased so far in July, suggesting OPEC's second-largest producer is still undershooting its production cut target under an OPEC-led deal. Exports from Basra and other southern Iraq terminals as of July 29<sup>th</sup> averaged 2.75 million bpd. That is up 50,000 bpd from June's official figure for southern Iraq exports. Meanwhile, northern exports are at least 400,000 bpd, which would be up from 370,000 bpd in June. The increase in northern shipments means Iraq's exports are up by 80,000 bpd in July.

Nigeria's Minister of State for Petroleum Resources, Timpire Sylva, said he expects to comply with an oil output quota of 1.412 million bpd for May, June and July.

Gasoline stocks held in the Amsterdam-Rotterdam-Antwerp storage hub in the week ending July 30<sup>th</sup> increased by 4.93% on the week and by 11.17% on the year to 1.383 million tons. Gasoil stocks fell by 3.49% on the week and by 14.54% on the year to 2.575 million tons, while fuel oil stocks fell by 13.8% on the week but increased by 4.06% on the year to 1.255 million tons. Naphtha stocks fell by 6.3% on the week but increased by 82.35% on the year to 372,000 tons, while jet fuel stocks fell by 4.78% on the week but increased by 19.97% on the year to 937,000 tons.

Valero Energy Corp plans to operate its 15 refineries at up to 79% of their combined total throughput capacity of 3.15 million bpd in the third quarter of 2020. Valero said its eight Gulf Coast refineries will operate in a range between 1.4 million and 1.45 million bpd during the third quarter, as demand remains reduced because of the novel coronavirus pandemic.

The U.S. economy contracted at its steepest pace since the Great Depression in the second quarter as the COVID-19 pandemic shattered consumer and business spending, and a recovery is under threat from a resurgence in new cases of coronavirus. The Commerce Department said GDP collapsed at a 32.9% annualized rate last quarter, the deepest decline in output since the government started keeping records in 1947. The drop in GDP was more than triple the previous all-time decline of 10% in the second quarter of 1958. The economy contracted at a 5.0% pace in the first quarter.

**Early Market Call - as of 9:45 AM EDT**

WTI - Sep \$40.25, up 33 cents  
 RBOB - Aug \$1.2108, down 96 points  
 HO - Aug \$1.2120, up 1 point

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-20	1.2119	-0.0414	0.0422
Sep-20	1.2203	-0.0415	0.0414
Oct-20	1.2356	-0.0404	0.0385
Nov-20	1.2540	-0.0386	0.0342
Dec-20	1.2716	-0.0366	0.0295
Jan-21	1.2879	-0.0355	0.0259
Feb-21	1.2998	-0.0349	0.0233
Mar-21	1.3067	-0.0346	0.0213
Apr-21	1.3088	-0.0339	0.0198
May-21	1.3142	-0.0330	0.0185
Jun-21	1.3222	-0.0320	0.0160
Jul-21	1.3360	-0.0316	0.0144
Aug-21	1.3489	-0.0314	0.0135
Sep-21	1.3608	-0.0311	0.0122
Oct-21	1.3719	-0.0309	0.0111
Nov-21	1.3822	-0.0308	0.0105
Dec-21	1.3906	-0.0307	0.0100

Sprague Heat Weighted Strip October -April 20/2021			\$1.2844
		Close	Change
Crude - WTI	Sep Brent- WTI Spread \$3.02	\$39.9200	-\$1.3500
Crude - Brent		\$42.9400	-\$0.8100
Natural Gas		\$1.8290	-\$0.1010
Gasoline		\$1.2204	-\$0.0211

### EIA Working Gas Storage Report

	24-Jul-20	17-Jul-20	Change	Year Ago
East	706	693	13	591
Midwest	815	799	16	669
Mountain	196	190	6	155
Pacific	313	311	2	270
South Central	1,211	1,221	-10	930
Salt	339	349	-10	227
Nonsalt	872	872	0	703
Total	3,241	3,215	26	2,615

## Sprague HeatCurve October-April

## ICE September Brent-WTI Spread

