

Market Commentary

Recap: Oil futures finished the session with its third straight week of gains, as the International Energy Agency warned the market will need extra supply next year. WTI hit its highest intraday level since 2018, with the July contract topping the session at \$71.24, the highest level for a front month contract in 32 months. The market continues to focus on improving demand, as industrialized economies continue recovering from the pandemic with vaccination programs expanding. However supply may become an issue as demand continues to rise while OPEC+ sticks to a schedule of slow production increases while the call from auto and aviation markets rise. July WTI settled at \$70.91 a barrel, up 62 cents, up 1.9% on the week. Brent for August delivery rose 17 cents, to settle at \$72.69 a barrel, up 1% for the week.

Technical Analysis:

U.S. gasoline cracks fell sharply on Friday, pressured by the possibility that the Biden administration will ease restrictions on biofuel mandates requiring the blending of ethanol and other biofuels into their fuel each year or buy credits from those that do. The credits, known as RINs, are currently at their highest price in the program's 13-year history, and refiners have said the policy threatens to bankrupt fuel makers already slammed by sinking demand during the pandemic. The July RBOB/WTI crack spread sank as much as 10%, to a low of \$20.35 before trimming losses. This crack spread settled at \$20.91. July RBOB settled at \$2.1861 a gallon, down 2.54 cents, or 1.15%. July heating oil fell 2.27 cents to \$2.1207 a gallon. WTI initially pulled back during the course of the week but buyers down below managed to push this market to a 32 month high. WTI has broken out of the ascending channel as it continues to trend higher within an upward channel. Based upon the break out, we are looking for this market to head toward the \$78 level. Prior to reaching this level, there is resistance set at \$75. To the downside, support is seen at \$68 and below that at \$66.60.

Fundamental News: The International Energy Agency said OPEC+ oil producers will need to increase their output in order to meet demand set to recover to pre-pandemic levels by the end of 2022. World consumption will once again reach 100 million bpd in the second half of 2022. At some point before the end of the year, demand will surpass pre-COVID levels. The IEA said that following a record decline of 8.6 million bpd in 2020 demand was now forecast to increase by 5.4 million bpd in 2021 and a further 3.1 million bpd in 2022. It said that "OPEC+ needs to open the taps to keep the world oil markets adequately supplied". The IEA said meeting the restored demand is "unlikely to be a problem", forecasting that OPEC+ will still have 6.9 million bpd of effective spare capacity after July and that Iran's talks with world powers could free its oil supply from U.S. sanctions. It stated that "if sanctions on Iran are lifted, an additional 1.4 million bpd could be brought to market in relatively short order". The IEA's Executive Director, Fatih Birol, has warned of a further price increase if extra supplies are not forthcoming.

Goldman Sachs forecast that the oil rally will continue with Brent expected to reach \$80/barrel this summer.

Rystad Energy reported that U.S. shale oil production is set to reach 8.23 million bpd by the end of July amid rising prices. U.S. shale output in April fell by 60,000 bpd on the month.

Three sources stated that President Joe Biden's administration is considering ways to provide relief to U.S. oil refiners from biofuel blending mandates.

Baker Hughes reported that the oil and gas rig count increased by five to 461 in the week ending June 11th, its highest since April 2020. In their biggest increase in a month, oil rigs increased by six to 365 this week, their highest since April 2020.

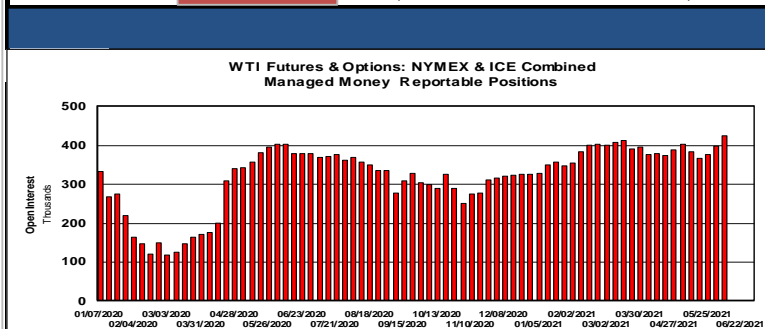
Early Market Call - as of 8:30 AM EDT

WTI - July \$71.63, up 72 cents
 RBOB - July \$2.1928, up 67 points
 HO - July \$2.1310, up 1.03 cents

All NYMEX | Prior Settlements

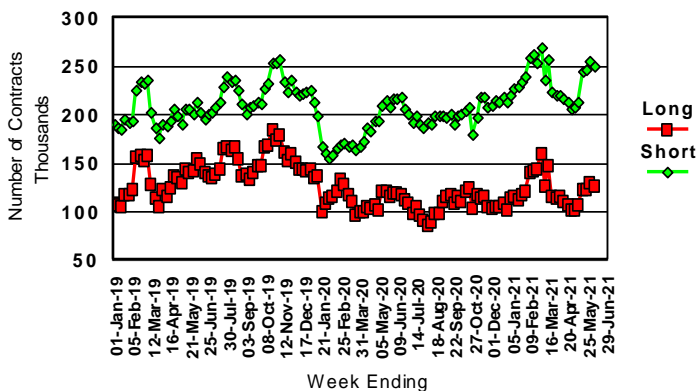
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-21	2.1207	-0.0227	0.0008
Aug-21	2.1237	-0.0222	0.0015
Sep-21	2.1266	-0.0221	0.0018
Oct-21	2.1283	-0.0219	0.0022
Nov-21	2.1283	-0.0215	0.0021
Dec-21	2.1265	-0.0213	0.0015
Jan-22	2.1239	-0.0210	0.0011
Feb-22	2.1184	-0.0205	0.0020
Mar-22	2.1082	-0.0206	0.0027
Apr-22	2.0932	-0.0207	0.0029
May-22	2.0825	-0.0209	0.0022
Jun-22	2.0737	-0.0213	0.0017
Jul-22	2.0718	-0.0213	0.0018
Aug-22	2.0708	-0.0212	0.0020
Sep-22	2.0701	-0.0210	0.0013
Oct-22	2.0697	-0.0209	0.0023
Nov-22	2.0695	-0.0206	0.0025

Sprague HeatCurve October 2021-April 2022		\$2.1190
	Close	Change
Crude - WTI	\$70.6000	\$0.5100
Crude - Brent	\$72.6900	\$0.1700
Natural Gas	\$3.2960	\$0.1470
Gasoline	\$2.1861	-\$0.0261



Commitment of Traders Report for the Week Ending June 8, 2021

Producer/Merchant Heat Positons CFTC Commitment of Traders Report



Managed Money Heat Positons CFTC Commitment of Traders Report

