

Market Commentary

Recap: Oil futures came under pressure on Friday for the second straight session, as the U.S. encouraged OPEC and its allies to increase their output in order to lower prices and fuel an economic recovery, while the IEA lowered its forecast for demand for the rest of the year as COVID cases spike again. The latest COVID-19 wave is leading to tighter curbs on movement across the globe, though there are mixed assessments on its impact. A critical concern is the flare-up in China, where authorities have taken an aggressive approach to containing the outbreak. September WTI dipped back below \$68 a barrel but salvaged enough cents to settle above it, at \$68.44 a barrel, down 65 cents, or 0.94%. October Brent fell 72 cents, or 1.01%, to settle at \$70.59 a barrel. September RBOB shed 0.6% to \$2.26 a gallon, up nearly 0.3% on the week, while September heating oil lost 1.2% to \$2.08 a gallon, down 0.3% on the week.

Technical Analysis: Since its collapse below \$50 last year, WTI had worked its way back above \$70 but has been struggling to maintain strength above it. The range between \$50 and \$70 has proven to be quite volatile. There have been periods of sideways trading, with peaks and troughs in between. Currently, there is a bit of a double bottom down around \$65, which has been providing a bit of support. Buyers still appear to be present despite the bit of bearishness surrounding COVID-19. With this in mind, we believe that this market will continue to strive to settle back above \$70 and push towards \$75.

Fundamental News: Goldman Sachs said the White House call to OPEC to increase its oil output is unlikely to lead to higher production in the short term given the demand threat from the Delta variant. It does not see the recent White House statement as threatening the current market deficit nor the pace of rebalancing in the second half of this year. It said that by year-end, an additional increase in OPEC+ quotas appears to be increasingly necessary given recent global supply disappointments. Goldman Sachs maintained its Brent forecast of \$80/barrel. It forecast that OPEC+ spare capacity will be fully normalized by the spring of 2022. It stated that in the short term, the Delta threat to oil demand has already softened global balance, with a deficit narrowing from 2.3 million bpd to 1 million bpd. Looking ahead beyond the Delta headwind, Goldman expects oil demand recovery to continue alongside increasing vaccinations rates. It also stated that a delay in Iranian exports would only have a small bullish impact on oil later this year.

JPMorgan lowered its assumptions for China's daily oil demand by 650,000 barrels in August and by 420,000 bpd in September. It said those cuts, in addition to other Asian demand, drives the majority of its 1 million bpd downgrade to global oil demand in the third quarter. It said "now, \$80/barrel is a reach" for oil prices. It sees global demand averaging 98.3 million bpd in August and 97.9 million bpd in September and 99.4 million bpd in the fourth quarter.

Refined oil product arrivals in Europe from the Middle East, mostly middle distillates, are expected to increase in August to the highest in 10 months. Mideastern fuel flows into Europe are set to increase to at least 2.25 million tons in August, the highest since October.

According to Refinitiv Oil Research, exports of Northwest European gasoline to the United States was at 208,000 tons this week, broadly stable week-on-week.

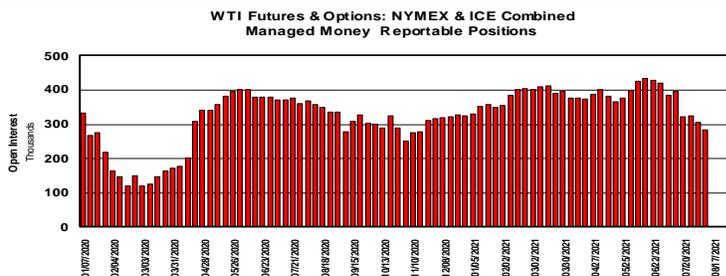
Early Market Call - as of 8:50 AM EDT

WTI - Sep \$66.46, down \$1.98
 RBOB - Sep \$2.2052, down 5.71 cents
 HO - Sep \$2.0364, down 4.19 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-21	\$2.0779	-\$0.0260	-\$0.0066
Oct-21	\$2.0803	-\$0.0265	-\$0.0078
Nov-21	\$2.0812	-\$0.0263	-\$0.0076
Dec-21	\$2.0796	-\$0.0262	-\$0.0083
Jan-22	\$2.0772	-\$0.0259	-\$0.0095
Feb-22	\$2.0718	-\$0.0256	-\$0.0106
Mar-22	\$2.0624	-\$0.0247	-\$0.0105
Apr-22	\$2.0486	-\$0.0238	-\$0.0091
May-22	\$2.0394	-\$0.0235	-\$0.0090
Jun-22	\$2.0329	-\$0.0234	-\$0.0100
Jul-22	\$2.0329	-\$0.0229	-\$0.0097
Aug-22	\$2.0333	-\$0.0225	-\$0.0095
Sep-22	\$2.0343	-\$0.0218	-\$0.0085
Oct-22	\$2.0357	-\$0.0211	-\$0.0080
Nov-22	\$2.0366	-\$0.0202	-\$0.0075
Dec-22	\$2.0361	-\$0.0196	-\$0.0070
Jan-23	\$2.0354	-\$0.0190	-\$0.0068

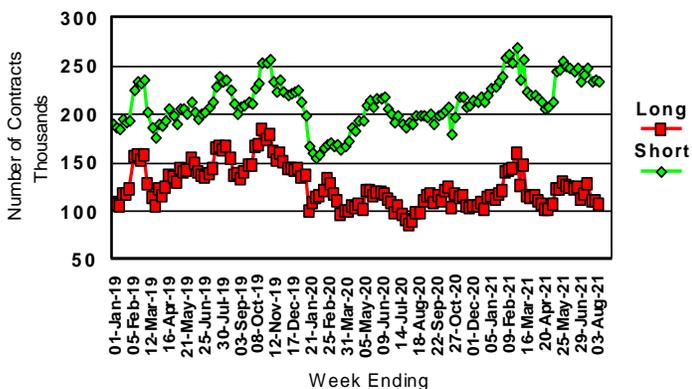
Sprague HeatCurve October 2021-April 2022		\$2.0725
	Close	Change
Crude - WTI	\$68.2100	-\$0.6900
Crude - Brent	\$70.5900	-\$0.7200
Natural Gas	\$3.8610	-\$0.0720
Gasoline	\$2.2626	-\$0.0128



Commitment of Traders Report for the Week Ending August 10, 2021

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

