

## Market Commentary

**Recap:** Oil futures settled lower on Monday, with prices down more than 3% as traders focused on the potential for higher production from the US, Mexico and Libya. Meanwhile, OPEC+ agreed to extend current production cuts through July, Saudi Arabia, the UAE and Kuwait have no plans to extend voluntary cuts of 1.18 million barrels per day beyond this month. July WTI fell \$1.36, or 3.4%, to settle at \$38.19 a barrel, after trading at an intraday high of \$40.44. Brent for August delivery slipped \$1.50, or nearly 3.6%, to settle at 40.80 a barrel after reaching an intraday high of \$43.41. July RBOB shed 1.5% to \$1.195 a gallon and July heating oil lost nearly 2.6% to \$1.1213 a gallon.

**Technical Analysis:** As the coronavirus stretched across the US, RBOB cracks spreads slipped into negative territory. However, for the week ending March 27, refinery utilization on the US Atlantic Coast in particular, hit a nine-year low at 51.3%, while at the same time, nationwide US refinery utilization hit a more than two-year low at 82.3%, down 5 percentage points on the week. RBOB responded to the data showing the sharp fall in US refinery run rates rather than increasing gasoline stockpiles. After briefly declining to negative values in late March and again in early April, the RBOB crack spreads increased in the middle of April and continued to rise into early May. During this time period, the July RBOB/WTI crack spread moved from trading at -\$2.89 in March, to a high of \$15.46 in May. But as demand remained sluggish and stockpiles increased, RBOB cracks spreads began to sell-off and have since leveled off. Recent protests across the US have once again impeded demand, however, as these protests simmer and coronavirus restrictions ease, we expect for demand to pick up, once again giving rise to RBOB crack spreads.

**Fundamental News:** OPEC and its oil-producing allies have agreed to extend their production cut for an additional month as crude recovers to near \$40 a barrel. The agreement was sealed during the group's video-conference meeting on Saturday. As per the deal, Saudi Arabia and Russia will continue to take the bulk of the nearly 10 million bpd of cuts, but the two countries emphasized they wanted to see stronger compliance from other members. The group, known as OPEC+, also demanded countries such as Nigeria and Iraq, which exceeded production quotas in May and June, compensate with extra cuts in July to September.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said Saudi Arabia and its Gulf allies, Kuwait and the UAE, are not planning to extend beyond June their voluntary additional oil output cuts of 1.180 million bpd.

Norway's Oil Ministry said the country has no plans to modify its existing plans for production cuts, following the OPEC+ group's agreement to extend a deal on record output cuts to the end of July.

Energy companies on Monday began preparations to resume oil and gas production in the US Gulf of Mexico. Producers evacuated 179 US Gulf of Mexico production platforms and shut in wells producing 629,351 bpd of oil and 952.32 million cubic feet/day of natural gas at US Gulf of Mexico wells as of Monday.

Two major oilfields in southwestern Libya have reopened after months of a blockade that shut off most of the country's crude production. Libya's National Oil Corporation (NOC) confirmed on Sunday that some production had resumed at the 300,000 bpd Sharara oilfield, which was shut for more than four months. The 75,000 bpd El Feel, a field linked to Sharara, reopened on Sunday. NOC also stated that it is lifting the force majeure on exports from the El Feel and the Sharara oilfield. Initial production at El Feel will be 12,000 bpd and will resume full capacity within 14 days. Production at Sharara will start at 30,000 bpd and output is expected to return to full capacity within 90 days.

**Early Market Call - as of 8:32 AM EDT**

WTI - July \$38.22 down 21 cents

RBOB - July \$1.1988 up 38 points

HO - July \$1.1301 up 88 points

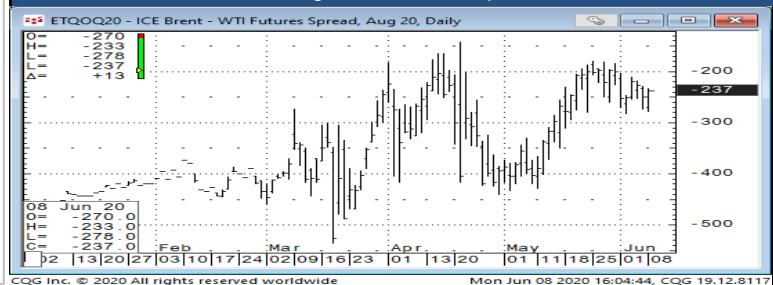
## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jul-20	1.1213	-0.0293	-0.0923
Aug-20	1.1519	-0.0275	-0.0910
Sep-20	1.1767	-0.0283	-0.0886
Oct-20	1.1997	-0.0286	-0.0889
Nov-20	1.2195	-0.0295	-0.0880
Dec-20	1.2345	-0.0305	-0.0857
Jan-21	1.2494	-0.0313	-0.0827
Feb-21	1.2627	-0.0320	-0.0796
Mar-21	1.2726	-0.0325	-0.0763
Apr-21	1.2766	-0.0328	-0.0730
May-21	1.2818	-0.0335	-0.0698
Jun-21	1.2892	-0.0345	-0.0668
Jul-21	1.3046	-0.0349	-0.0650
Aug-21	1.3193	-0.0349	-0.0640
Sep-21	1.3315	-0.0349	-0.0632
Oct-21	1.3430	-0.0353	-0.0623
Nov-21	1.3530	-0.0351	-0.0626

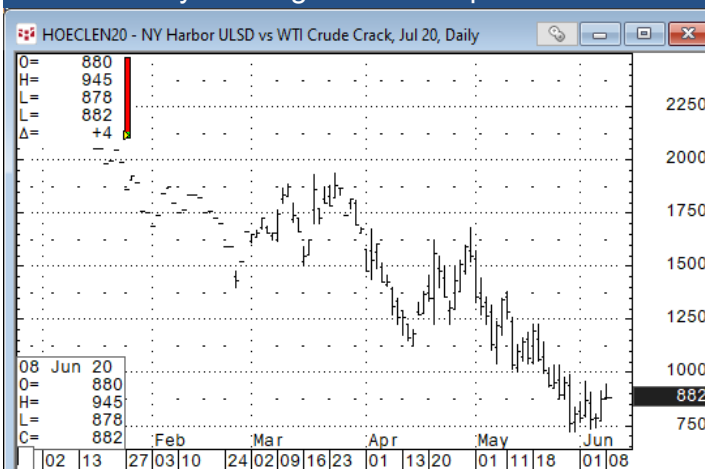
## Sprague Heat Weighted Strip October-April 20/2021 \$1.2483

		Close	Change
Crude - WTI	Aug Brent-	\$38.4300	-\$1.3700
Crude - Brent	WTI Spread	\$40.8000	-\$1.5000
Natural Gas	\$2.37	\$1.7890	\$0.0070
Gasoline		\$1.1950	-\$0.0186

## ICE August Brent-WTI Spread



## July Heating Oil Crack Spread



## July RBOB Crack Spread

