

Market Commentary

All NYMEX | Prior Settlements

Recap: WTI futures were steady on Wednesday, shaking off early losses after gaining support from the EIA report, which showed a decline in U.S. gasoline inventories. Gains were limited however, as demand was down 14% from a year ago, as the pandemic took a bite out of seasonal demand. At the moment, demand is the most crucial aspect of this market and therefore is holding prices down. September WTI rose 4 cents, or 0.1%, to settle at \$42.93 a barrel, while Brent for October delivery lost a penny, to close at \$43.11 a barrel. September RBOB rose 0.75 cent, or 0.6%, to settle at \$1.2905 a gallon. September heating oil fell 0.94 cent, or 0.8%, settling at \$1.2510 a gallon.

Technical Analysis: Trading in oil remains subdued as traders ponder longer term direction. For now, WTI remains above the 10 and 50-day moving averages, while it hovers just below the 200-day average. It feels like a comfortable buy on dips as long as we hold above the 50-day moving averages. A break above the 200-day moving average should spark some fresh buying, but trading will be cautious to the upside until a clearer picture of demand can be seen. The near term upside target is \$43.40, with breaks above this level leading to a push toward \$45. To the downside support rests at \$42.25, \$40.55 and below that at \$39.

Fundamental News: The U.S. Energy Information Administration said U.S. crude oil stockpiles fell last week even as net imports increased sharply, while fuel demand fell as well. Crude inventories fell by 1.6 million barrels in the week to August 14th to 512.5 million barrels. Net U.S. crude imports increased by 1.1 million bpd to 3.6 million bpd. Fuel demand fell by more than 2 million bpd to 17.2 million bpd in terms of product supplied. Overall fuel demand is down 14% from the year-ago period over the last four weeks.

Bloomberg reported late Tuesday that the administration of U.S. President Donald Trump is weighing additional sanctions on Venezuela aimed at halting the remaining fuel transactions permitted with the Latin American country.

OPEC and its allies urged oil nations pumping above output targets to cut more in August-September amid fears oil demand recovery was slow while saying it could reach pre-pandemic levels by the year-end. The group, known as OPEC+, met on Wednesday to review compliance and left oil cuts levels unchanged. Cuts will increase this month and next because of compensation by Iraq, Nigeria, Angola and Kazakhstan for overproduction in May-July.

Saudi Energy Minister, Prince Abdulaziz bin Salman, said global oil demand should recover to pre-pandemic levels as soon as the fourth quarter of 2020, while urging OPEC members and allies to increase compliance with oil output cuts aimed at supporting prices. The comments came as OPEC oil producers and allies, such as Russia, began a meeting on Wednesday to review the compliance levels. A draft OPEC+ statement said a second prolonged wave of the pandemic was a major risk for the oil market recovery. Separately, Saudi state news agency SPA reported that Saudi Arabia's King Salman bin Abdulaziz spoke to Nigerian President Muhammadu Buhari on Wednesday and stressed the importance of compliance by all participants.

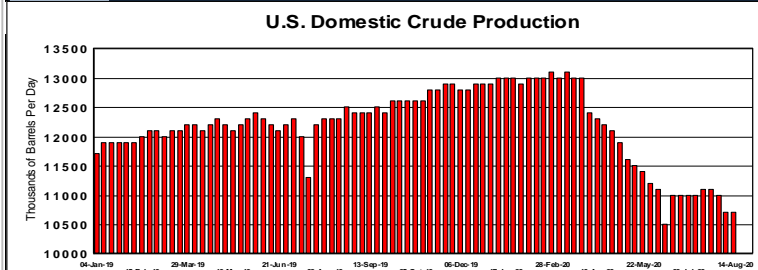
Russia's Energy Minister, Alexander Novak, said Organization of Petroleum Exporting Countries and allies, including Russia, should stick to full compliance of a deal to cut global oil production.

Early Market Call - as of 8:30 AM EDT

WTI - Sep \$42.46, down 47 cents
 RBOB - Sep \$1.2716, down 1.89 cents
 HO - Sep \$1.2401, down 1.09 cents

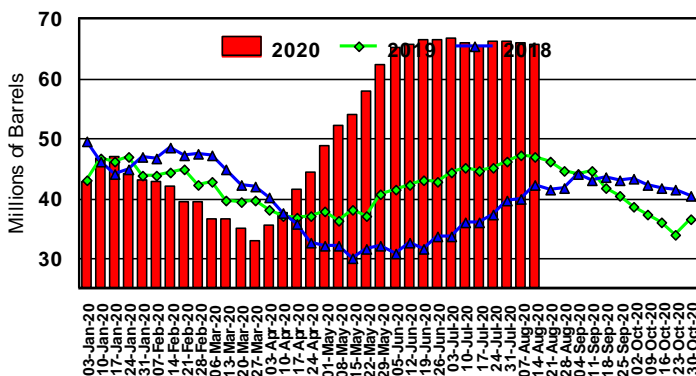
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-20	1.2510	-0.0094	0.0062
Oct-20	1.2722	-0.0103	0.0061
Nov-20	1.2936	-0.0107	0.0066
Dec-20	1.3138	-0.0104	0.0064
Jan-21	1.3326	-0.0100	0.0058
Feb-21	1.3477	-0.0099	0.0051
Mar-21	1.3577	-0.0094	0.0040
Apr-21	1.3629	-0.0085	0.0026
May-21	1.3711	-0.0077	0.0016
Jun-21	1.3813	-0.0073	0.0004
Jul-21	1.3960	-0.0072	-0.0004
Aug-21	1.4099	-0.0070	-0.0010
Sep-21	1.4226	-0.0070	-0.0013
Oct-21	1.4343	-0.0067	-0.0022
Nov-21	1.4449	-0.0062	-0.0029
Dec-21	1.4532	-0.0057	-0.0036
Jan-22	1.4636	-0.0059	-0.0039

Sprague Heat Weighted Strip October -April 20/2021		\$1.3299
	Close	Change
Crude - WTI	\$43.1100	-\$0.0100
Crude - Brent	\$45.3700	-\$0.0900
Natural Gas	\$2.4260	\$0.0090
Gasoline	\$1.2905	\$0.0075



Weekly EIA Petroleum Status Report for the Week Ending August 14, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 1.632 million barrels
 Cushing, OK Crude Stocks Down 607,000 barrels
Gasoline Stocks Down 3.322 million barrels
Distillate Stocks Up 152,000 barrels
Refinery % Operated 80.9%, down 0.1%

PADD #1

Distillate Stocks (in million bbls)	Week Ending August 14, 2020	Week Ending August 7, 2020	Week Ending August 16, 2019
New England	12.3	12.6	7.9
Central Atlantic	39.0	37.9	26.6
Total PADD #1	65.7	65.9	47.0
Distillate Imports (thousands b/d)	45	137	128