

## Market Commentary

**Recap:** Crude oil futures fell for the second straight session, pressured by strength in the dollar, weak demand for gasoline in the U.S. and the prospect of additional supplies from the OPEC+ group after Saudi Arabia and the United Arab Emirates reached an agreement on their dispute that led to the collapse of OPEC+ talks last week. Oil price dynamics became altered after the oil cartel group momentarily postponed plans to boost supply from next month due to an impasse with the United Arab Emirates, while resurging COVID-19 cases added more concerns into the short-term demand outlook in spite of warnings that the global oil market might tighten significantly if OPEC didn't add more barrels. August WTI fell as much as 2.2%, to a session low of \$71.49, while September Brent dropped as much as 2%, hitting a low of \$73.19. Volume was light, as bulls took to the sidelines. Losses were slightly pared, with August WTI settling at \$72.65 a barrel, down \$1.58, or 2%, and September Brent fell \$1.29, or 1.7%, to settle at \$73.47 a barrel. Petroleum products fell as well, with August RBOB losing .0432 cents, to settle at \$2.2503 a gallon and August heating oil dropping .0309 cents, to settle at \$2.1126 a gallon.

**Technical Analysis:** August WTI failed to recapture the 20-day moving average that sits between the Bollinger Bands based upon a 2 standard deviation and settled below the medium term upward trend line. We would look for this spot contract to test the lower Bollinger Band, which is currently set at \$71.17, with successful breaks leading to a run toward support set at \$70.58. A push above \$72.04, the pivotal number for Friday, will open up the opportunity for a run toward the aforementioned 20-day moving average, which is currently set at \$73.60.

**Fundamental News:** In its latest monthly report, OPEC maintained its forecast for a strong recovery in world oil demand in the rest of 2021 and predicted oil use would increase further in 2022 similar to pre-pandemic rates, led by growth in China and India. OPEC maintained its prediction that demand would grow by 5.95 million bpd in 2021 and added that demand next year would increase by 3.4% or 3.3 million bpd on the year to 99.86 million bpd, averaging more than 100 million bpd in the second half of 2022. OPEC sees global demand for its crude at 28.7 million bpd in 2022, up 1.1 million bpd from 2021. However, the call on OPEC's crude will fall to 26.4 million bpd in the first quarter of 2022. It sees non-OPEC output increasing by 3.3% or 2.1 million bpd in 2022. Its report also showed higher OPEC oil output, with its output increasing by 590,000 bpd in June to 26.03 million bpd.

Goldman Sachs expects an oil supply agreement between Saudi Arabia and the United Arab Emirates to be a bullish catalyst for prices over coming months as the U.S. investment bank maintained its summer Brent price forecast at \$80/barrel. Goldman expects \$2 to \$4/barrel upside risk to its \$80/barrel summer forecast and \$75/barrel for its 2022 Brent price forecast. The bank also noted that a lack of an Iran nuclear deal would increase its 2022 price forecast by \$10/barrel.

UBS said global oil demand is now likely over 97 million bpd. It sees global demand exceeding the 99 million bpd level this year, although the recovery will be uneven across regions. It expects Brent prices to increase to \$80/barrel this summer. UBS said ongoing declines in global inventories could increase Brent prices to \$80/barrel and WTI prices to \$77/barrel between now and September. It expects a modest setback in prices towards the end of the year based on their expectation of higher OPEC+ production, including Iran, with Brent prices expected to fall to \$75/barrel and WTI prices expected to fall to \$72/barrel.

The U.S. EPA reported that the U.S. generated 1.27 billion ethanol (D6) blending credits in June, up from 1.26 billion in May. It also reported that the U.S. generated 428 million biodiesel (D4) blending credits in June, up from 397 million in May.

**Early Market Call - as of 8:20 AM EDT**

WTI - Aug \$71.86, up 22 cents  
 RBOB - Aug \$2.2573, up 73 points  
 HO - Aug \$2.1160, up 39 points

## All NYMEX | Prior Settlements

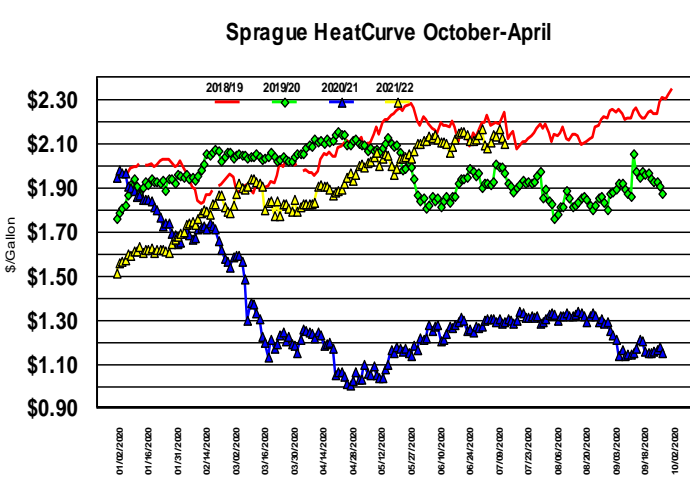
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-21	\$2.1126	-\$0.0309	-\$0.0078
Sep-21	\$2.1141	-\$0.0311	-\$0.0080
Oct-21	\$2.1137	-\$0.0313	-\$0.0079
Nov-21	\$2.1114	-\$0.0313	-\$0.0080
Dec-21	\$2.1086	-\$0.0311	-\$0.0076
Jan-22	\$2.1052	-\$0.0310	-\$0.0077
Feb-22	\$2.0990	-\$0.0305	-\$0.0072
Mar-22	\$2.0878	-\$0.0297	-\$0.0062
Apr-22	\$2.0721	-\$0.0290	-\$0.0056
May-22	\$2.0608	-\$0.0283	-\$0.0045
Jun-22	\$2.0536	-\$0.0273	-\$0.0033
Jul-22	\$2.0512	-\$0.0267	-\$0.0022
Aug-22	\$2.0496	-\$0.0264	-\$0.0013
Sep-22	\$2.0485	-\$0.0258	-\$0.0024
Oct-22	\$2.0482	-\$0.0253	\$0.0004
Nov-22	\$2.0478	-\$0.0249	\$0.0015
Dec-22	\$2.0458	-\$0.0247	\$0.0017

Sprague HeatCurve October 2021-April 2022		\$2.1004	
		Change	
Crude - WTI	Sep Brent- WTI Spread	\$71.3800	-\$1.2600
Crude - Brent		\$73.4700	-\$1.2900
Natural Gas	\$2.09	\$3.6140	-\$0.0460
Gasoline		\$2.2503	-\$0.0432

### EIA Working Gas Storage Report

	09-Jul-21	02-Jul-21	Change	09-Jul-2020
East	543	521	22	670
Midwest	662	638	24	777
Mountain	180	177	3	185
Pacific	250	246	4	312
South Central	995	991	4	1,228
Salt	283	286	-3	360
Nonsalt	712	705	7	868
Total	2,629	2,574	55	3,172

## Sprague HeatCurve October-April



## ICE September Brent-WTI Spread

