

Market Commentary

Recap: Oil prices slipped on Tuesday, to finish at their lowest level in a week, as the U.S. dollar firmed and as investors worried about the worldwide spread of the coronavirus and its impact on demand. The ICE U.S. Dollar Index, a measure of the currency against a basket of six major rivals, was up less than 0.1% a day after hitting a two-year low. A weaker dollar can be supportive to commodities priced in the currency, making them less expensive to purchasers using other currencies. September WTI fell 56 cents, or 1.4%, to settle at \$41.04 a barrel, while Brent for September delivery declined 19 cents, or 0.4%, to settle at \$43.22 a barrel. August RBOB fell by 0.7% to \$1.2656 a gallon and August heating oil shed 1% to \$1.2421 a gallon.

Market Outlook: Oil failed to gain upside momentum as traders are concerned that oil demand recovery will not be as fast as expected due to the spread of the coronavirus. Going forward, we expect to see choppy behavior, with continued efforts to breakout. The near term support is seen at \$41.50. Should we break below this level, the nearest support is set at the nearest downside move set at \$38.50. To the upside and above \$41.50, resistance is seen at \$45.50, the 200-day moving average.

Fundamental News: U.S. shale oil producers, whose weak returns in recent years had them out of favor with investors even before the coronavirus pandemic pressured oil prices and cut production, are expected to post their worst second-quarter results since 2016. U.S. shale is set to report the worst operating results, excluding impairments, since the last oil bust in 2016, according to a Reuters analysis of financial data from 10 top producers in the sector. According to IBES data from Refinitiv, ConocoPhillips, the largest U.S. independent producer, kicks off earnings on Thursday and is expected to swing to a per share loss of 49 cents, from a \$1.40 profit a year ago. Most major shale firms are expected to post quarterly losses in coming days, including Pioneer Natural Resources, EOG Resources, Parsley Energy and Continental Resources, according to Refinitiv.

The North Sea Troll crude oil stream will load four cargoes in September, down from seven cargoes in August. Meanwhile, the North Sea Oseberg crude oil stream will load five cargoes in September, down from six in August.

China's gasoline and gasoil exports are set for a strong rebound in July and August, as companies make the most of rising global fuel demand and higher prices to pare back growing fuel inventories. Fuel exports from Asia's top gasoline and third-biggest gasoil exporter fell 50% in May and stayed weak in June. However, an easing of coronavirus lockdown restrictions is increasing economic activity, fuel demand and prices. Gasoline exports are expected to increase by 44% to about 1.1 million to 1.2 million tons or 300,000-327,000 bpd in July from June, according to consulting firm FGE and an industry source who tracks the fuel. Volumes could rise further in August to a four-month high of 1.5 million tons. Meanwhile, gasoil exports could increase by at least 15% in July to between 1.2 million and 1.3 million tons or 290,000-315,000 bpd from June. Exports could increase in August to 1.6 million to 1.65 million tons.

The U.S. National Hurricane Center said a potential tropical cyclone Nine near Leeward Islands is forecast to become a tropical storm by Tuesday night or Wednesday and is expected to bring heavy rainfall and tropical-storm-conditions. The system is located about 510 miles east-southeast of the Leeward Islands, packing maximum sustained winds of 40 mph. It stated that "the system is forecast to move through the Leeward Islands on Wednesday, near or over the Virgin Islands and Puerto Rico Wednesday night, and near or over Hispaniola on Thursday."

Early Market Call - as of 8:35 AM EDT

WTI - Sep \$41.45 up 41 cents

RBOB - Sept \$1.2650 down 6 points

HO - Sept \$1.2540 up 1.19 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-20	1.2421	-0.0120	0.0379
Sep-20	1.2494	-0.0128	0.0402
Oct-20	1.2642	-0.0122	0.0374
Nov-20	1.2811	-0.0108	0.0341
Dec-20	1.2968	-0.0097	0.0307
Jan-21	1.3117	-0.0091	0.0283
Feb-21	1.3229	-0.0087	0.0263
Mar-21	1.3296	-0.0080	0.0236
Apr-21	1.3313	-0.0074	0.0213
May-21	1.3357	-0.0079	0.0200
Jun-21	1.3430	-0.0076	0.0177
Jul-21	1.3563	-0.0073	0.0156
Aug-21	1.3693	-0.0072	0.0136
Sep-21	1.3809	-0.0068	0.0118
Oct-21	1.3918	-0.0064	0.0106
Nov-21	1.4020	-0.0061	0.0102
Dec-21	1.4104	-0.0060	0.0097

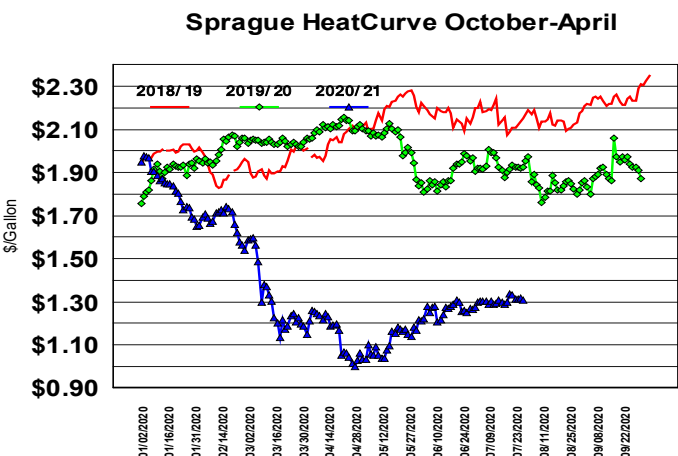
Sprague Heat Weighted Strip October -April 20/2021 \$1.3087

		Close	Change
Crude - WTI	Sep Brent- WTI Spread	\$41.0400	-\$0.5600
Crude - Brent		\$43.2200	-\$0.1900
Natural Gas	\$2.18	\$1.8000	\$0.0660
Gasoline		\$1.2656	-\$0.9100

API Report for the Week Ending July 24, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 6.8 million barrels	Up 400,000 barrels
Cushing, OK Crude Stocks	Up 1.1 million barrels	
Gasoline Stocks	Up 1.1 million barrels	Down 700,000 barrels
Distillate Stocks	Up 187,000 barrels	Down 300,000 barrels
Refinery Stocks	Up 88,000 bpd	Up 0.5%
Crude Imports	Down 1.3 million bpd	

Sprague HeatCurve October-April



WTI Forward Curve

