

## Market Commentary

**Recap:** Oil futures turned lower on Monday as concerns about slowing global growth outweighed the prospect of tightening supply after talks among key producers to raise output in coming months became gridlocked, amid renewed worries over another potential surge in COVID-19 infections. The spread of coronavirus variants and unequal access to vaccines threaten the global economic recovery, finance chiefs of the G20 large economies warned on Saturday. WTI for August delivery fell as much as 1.8%, to a session low of \$73.16 a barrel, while September Brent dropped as much as 1.7%, hitting a session low of \$74.23 a barrel. Losses were pared, with August WTI settling at \$74.10 a barrel, down 46 cents, or 0.6%, while September Brent fell 39 cents, or 0.5%, to settle at \$75.16 a barrel. August RBOB lost 0.7%, to settle at \$2.28 a gallon and August heating oil lost almost 0.3%, to close at \$2.15 a gallon.

**Technical Analysis:** Oil trading has been volatile after OPEC+ talks collapsed earlier this month, derailing a proposal to ease existing output curbs in a controlled manner and allow production to rise by 400,000 barrels a day each month from August through December. The United Arab Emirates has blocked a deal, insisting that it should be allowed to raise the amount of crude it pumps under the initial agreement on production cuts. This combined with COVID-19 concerns should keep oil prices contained in the near term. At this point, we would look for a bit of pressure, with the spot contract in WTI making a push toward the \$70 level, where it should encounter a great amount of support. To the upside, there is resistance set at \$74.51 and above that at \$77.

**Fundamental News:** Saudi Arabia will supply full contractual volumes of August-loading crude to at least six Asian customers. However, the producer has turned down two of the buyers' requests for extra barrels. Also, Saudi Aramco has allocated full requested volumes to at least three European oil refiners for supplies in August.

In a joint statement, Saudi Arabia and Oman called for continued cooperation between OPEC and other allied producers to stabilize and balance the oil market. They praised OPEC+ efforts for stabilizing and balancing oil markets, despite weak demand caused by the pandemic. Oman's leader, Sultan Haitham bin Tariq al-Said, visited Saudi Arabia on Sunday on his first official overseas trip since assuming power in 2020.

Russian sources said OPEC+ made no progress on the UAE-Saudi impasse. Separately, Kremlin's spokesman, Dmitry Peskov, said Russia's President, Vladimir Putin, has no plans so far to hold talks with OPEC+ leaders. Deputy Prime Minister, Alexander Novak, continues to lead work from Russia's side.

According to bills of lading and ship-tracking data compiled by Bloomberg, weekly U.S. imports of gasoline from Europe fell in the seven days ending July 8<sup>th</sup>. Transatlantic gasoline arrivals into the U.S. fell to 273,000 bpd from 483,000 bpd in the previous week.

The EIA reported that U.S. total oil production in shale regions in August is expected to increase by 42,000 bpd to 7.907 million bpd.

IIR Energy reported that U.S. oil refiners are expected to shut in 205,000 bpd of capacity in the week ending July 16<sup>th</sup>, cutting available refining capacity by 35,000 bpd on the previous week. Offline capacity is expected to increase to 281,000 bpd in the week ending July 23<sup>rd</sup>.

**Early Market Call - as of 8:10 AM EDT**

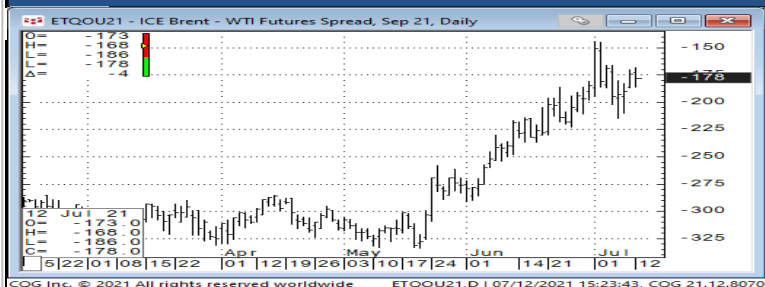
WTI - Aug \$74.34, up 24 cents  
 RBOB - Aug \$2.2838, up 60 points  
 HO - Aug \$2.1606, up 1.07 cents

## All NYMEX | Prior Settlements

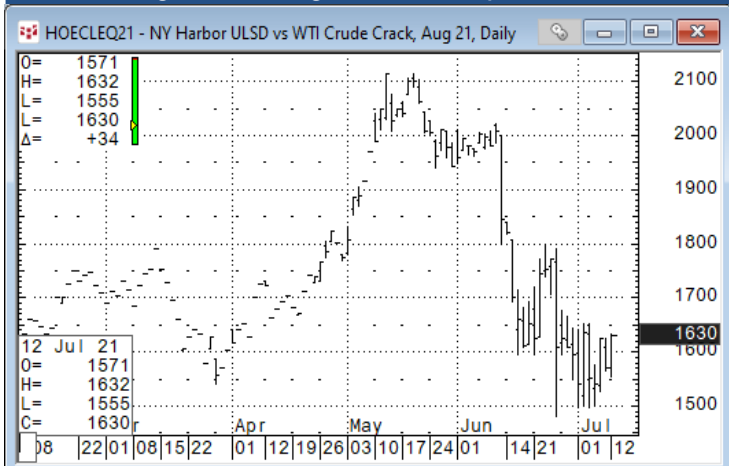
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-21	\$2.1498	-\$0.0054	-\$0.0293
Sep-21	\$2.1523	-\$0.0051	-\$0.0291
Oct-21	\$2.1520	-\$0.0049	-\$0.0291
Nov-21	\$2.1495	-\$0.0048	-\$0.0298
Dec-21	\$2.1460	-\$0.0047	-\$0.0307
Jan-22	\$2.1423	-\$0.0045	-\$0.0315
Feb-22	\$2.1355	-\$0.0041	-\$0.0320
Mar-22	\$2.1234	-\$0.0038	-\$0.0323
Apr-22	\$2.1066	-\$0.0038	-\$0.0325
May-22	\$2.0939	-\$0.0037	-\$0.0319
Jun-22	\$2.0851	-\$0.0035	-\$0.0310
Jul-22	\$2.0813	-\$0.0033	-\$0.0317
Aug-22	\$2.0784	-\$0.0032	-\$0.0324
Sep-22	\$2.0760	-\$0.0030	-\$0.0348
Oct-22	\$2.0745	-\$0.0026	-\$0.0335
Nov-22	\$2.0729	-\$0.0023	-\$0.0335
Dec-22	\$2.0707	-\$0.0020	-\$0.0333

Sprague HeatCurve October 2021-April 2022		\$2.1371
	Close	Change
Crude - WTI	\$73.4400	-\$0.3700
Crude - Brent	\$75.1600	-\$0.3900
Natural Gas	\$3.7490	\$0.0750
Gasoline	\$2.2772	-\$0.0148

### ICE September Brent-WTI Spread



## August Heating Oil Crack Spread



## August RBOB Crack Spread

