

Market Commentary

Recap: The oil markets over night and early this morning were supported by the news that Russia claimed it was the first country to grant regulatory approval to a COVID-19 vaccine. But as the day wore on the bulls began to flee the market as precious metals values were evaporating, with gold prices posting its largest daily decline in seven years by declining by 5.3% and silver prices dropping by 13.8%, its largest daily drop in nearly 12 years. The equity markets also began to come under pressure this afternoon as budget negotiation in Washington failed to restart and show any progress. By the time the oil markets settled, WTI was down 33 cents with Brent off 49 cents. September NYH RBOB was off 2.48 cents with NYH ULSD mixed with the spot contract up 15 points while back months were off 10-50 points.

Market Outlook: Despite the volatility in the markets overall today, technically there appears to have been little change in chart patterns, as crude oil, heating oil and gasoline all remain comfortably contained within their sideways trading patterns. September WTI remains anchored between the 10 and 200 day moving averages, which it has done for the past week. While tonight's inventory report did little to change market perceptions, outside of the surprise size of the distillate drawdown, this market will probably continue to tread water until after the EIA Weekly Status Report.

Fundamental News: The EIA's Short Term Energy Outlook showed that the agency raised its 2020 world demand growth forecast by 40,000 bpd to decline of 8.11 million bpd on the year. It also raised its forecast for 2021 world oil demand growth by 30,000 bpd to an increase of 7.02 million bpd on the year. The EIA reported that U.S. crude oil production is expected to fall by 990,000 bpd in 2020 to 11.26 million bpd, a steeper decline than its previous estimate for a fall of 600,000 bpd. It expects U.S. petroleum and other liquid fuel consumption to fall by 2 million bpd to 18.46 million bpd in 2020, a slightly smaller decline than its previous forecast for a drop of 2.12 million bpd. The EIA expects the monthly Brent spot prices to average \$43/barrel during the second half of 2020 and increase to an average of \$50/barrel in 2021.

Exxon Mobil Corp and Global Clean Energy Holdings signed an agreement for renewable diesel. The agreement calls for the purchase of 2.5 million barrels of renewable diesel per year for five years from a converted California refinery starting in 2022.

Kpler commodity tracking data shows USGC diesel exports will reach 2.32 million b/d for the week ending August 14th and gasoline exports will rise to 1.30 million b/d.

S&P Global Platts survey found OPEC+ production discipline slipped in July, as Gulf members led by Saudi Arabia ended their voluntary extra output cuts. Quota compliance fell to 96% for the month versus a 106% compliance in June with its collective production increasing by 1.1 million b/d. OPEC+ output is set to rise even further in August, with the coalition hiking its quota by about 2 million b/d, but actual production increases are expected to be lower given by so-called compensation cuts pledged by members that over produced their quotas in May, June and July.

Euroilstock reported that European refinery crude intake in July increased by 3.3% on the month to 8.746 million bpd as more countries eased their coronavirus-related lockdowns and fuel demand increased slightly. Refinery intake was down almost 18% from a year earlier. European crude and oil products stocks in July totaled 1.133 billion barrels, up 0.7% on the month and up 3.2% on the year.

Early Market Call - as of 8:28 AM EDT

WTI - Sep \$42.21 up 60 cents
 RBOB - Sep \$1.2287 up 2.42 cents
 HO - Sep \$1.2521 up 1.35 cents

All NYMEX | Prior Settlements

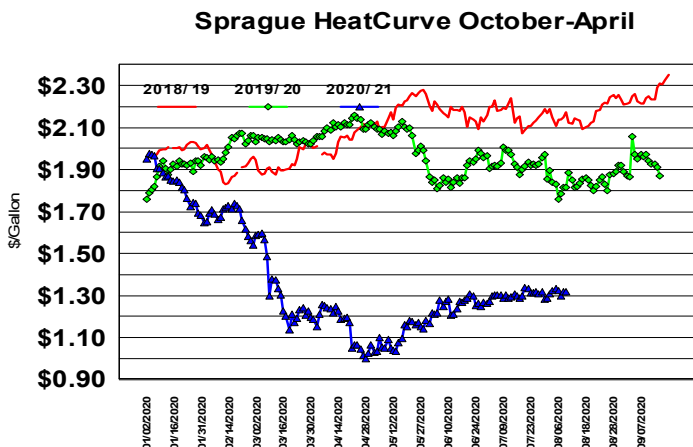
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-20	1.2384	0.0015	0.0200
Oct-20	1.2600	0.0004	0.0141
Nov-20	1.2807	-0.0001	0.0116
Dec-20	1.3003	-0.0009	0.0101
Jan-21	1.3187	-0.0015	0.0096
Feb-21	1.3334	-0.0018	0.0092
Mar-21	1.3427	-0.0023	0.0084
Apr-21	1.3472	-0.0028	0.0075
May-21	1.3546	-0.0030	0.0072
Jun-21	1.3635	-0.0028	0.0071
Jul-21	1.3773	-0.0030	0.0069
Aug-21	1.3903	-0.0035	0.0066
Sep-21	1.4024	-0.0041	0.0063
Oct-21	1.4133	-0.0045	0.0057
Nov-21	1.4234	-0.0048	0.0046
Dec-21	1.4311	-0.0050	0.0034
Jan-22	1.4409	-0.0053	0.0040

Sprague Heat Weighted Strip October -April 20/2021		Close	Change
Crude - WTI	Sep Brent- WTI Spread \$2.63	\$41.8700	-\$0.3000
Crude - Brent		\$44.5000	-\$0.4900
Natural Gas		\$2.1710	\$0.0180
Gasoline		\$1.2045	-\$0.0248

API Report for the Week Ending August 7, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 4.4 million barrels	Down 2.9/4.7 million barrels
Cushing, OK Crude Stocks	Up 1.1 million barrels	Up 1.59 million barrels
Gasoline Stocks	Down 1.3 million barrels	Down 700,000/2.1 million barrels
Distillate Stocks	Down 2.9 million barrels	Up 440,000/Down 145,000
Refinery Runs	Up 75,000 bpd	
Crude Imports	Down 62,000 bpd	

Sprague HeatCurve October-April



WTI Forward Curve

