

Market Commentary

Recap: Oil futures dipped on Friday, erasing earlier gains, as the increasing number of coronavirus cases looked to hinder an economic recovery and hamper energy demand. Earlier gains, supported by optimism over rising road traffic boosting fuel demand, were erased in early U.S. trading on fears that spiking COVID-19 infections in large gasoline-consuming U.S. states could stall the demand recovery. Cases have risen sharply in California, Texas and Florida, the three most populous U.S. states. August WTI fell 23 cents, or 0.6%, to settle at \$38.49 a barrel, following a 1.9% gain on Thursday. Brent oil for August delivery shed 3 cents, or 0.07%, to end at \$41.02 a barrel, after a 1.8% advance in the previous session. For the week, WTI saw a 3.4% decline, while Brent lost 2.8%, based on the most-active contract settlements last Friday, according to Dow Jones Market Data. July RBOB fell 3.4% to \$1.1533 a gallon, losing 9.3% for the week, and July heating oil fell 1.7% to \$1.1363 a gallon, ending 6.2% lower for the week.

Technical Analysis: After initially trying to rally during the week, WTI turned to the downside, in what could be a sign of exhaustion. August futures settled just below the bottom trend line on the ascending channel we have been writing about. Coming into this week's trading session; we would look for this spot contract to test the line, with failed attempts leading to downside pressure, with the \$35 area in sight. Below this level, additional support is set at \$33. To the upside resistance is set at \$38.93, the current 10-day moving average and above that at \$40.

Fundamental News: Baker Hughes reported that the number of rigs drilling for oil in the week ending June 26th fell by 1 to 188. The number of rigs drilling for oil was down 605 from a year ago.

Libya's National Oil Corp said Russian and other foreign mercenaries had entered the Sharara oilfield on Thursday. It said it completely rejects "attempts by foreign countries to prevent the resumption of oil production." It said mercenaries had entered Sharara in a convoy of vehicles and met with representatives of the Petroleum Facilities Guard, a force established to maintain security at the oil fields.

IIR Energy reported that U.S. oil refiners are expected to shut in about 4 million bpd of capacity in the week ending June 26th, increasing available refining capacity by 32,000 bpd from the previous week. Offline capacity is expected to fall to 3.8 million bpd in the week ending July 3rd, and to fall further to 3.7 million bpd in the subsequent week.

Germany's BAFA foreign trade office reported that German crude oil imports fell by 11.3% in April to 6.9 million tons, while the January-April imports were down 0.1% at 28.1 million tons. According to China's General Administration of Customs, the country's crude oil imports from Saudi Arabia nearly doubled in May from a year earlier to all-time high as refineries purchased cheap fuel, while Saudi Arabia retained its position as the top supplier to the world's biggest oil buyer. Imports from Saudi Arabia reached 9.165 million tons, or 2.16 million bpd, up about 95% from 1.11 million bpd in May 2019 and up 71% from 1.26 million bpd in April.

Analysts said satellite data showing a strong increase in traffic in China, Europe and across the United States pointed to an improvement in fuel demand. According to data provided to Reuters by location technology company TomTom, congestion in Shanghai in the past few weeks was higher than in the same period last year, while in Moscow traffic was back to last year's levels. However, there are fears a spike in COVID-19 infections in southern U.S. states could stall the demand recovery, especially as some of those states, such as Florida and Texas, are among the biggest gasoline consumers.

Early Market Call - as of 8:32 AM EDT

WTI - Aug \$38.89 up 40 cents

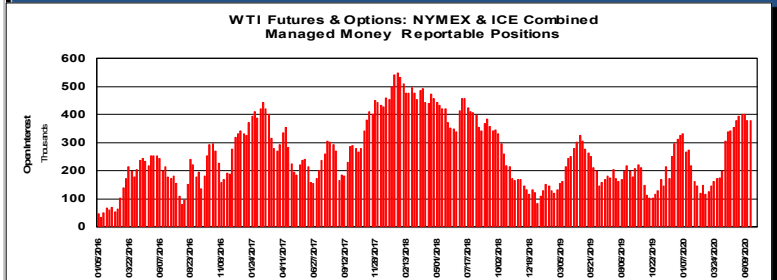
RBOB - July \$1.1535 up 2 points

HO - July \$1.1528 up 1.65 cents

All NYMEX | Prior Settlements

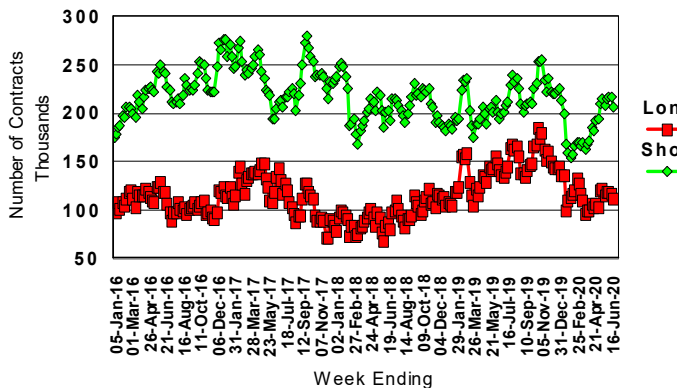
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-20	\$1.1363	-\$0.0193	\$0.0751
Aug-20	\$1.1507	-\$0.0188	\$0.0701
Sep-20	\$1.1744	-\$0.0180	\$0.0622
Oct-20	\$1.1989	-\$0.0164	\$0.0543
Nov-20	\$1.2196	-\$0.0145	\$0.0482
Dec-20	\$1.2353	-\$0.0134	\$0.0442
Jan-21	\$1.2505	-\$0.0131	\$0.0412
Feb-21	\$1.2630	-\$0.0127	\$0.0381
Mar-21	\$1.2713	-\$0.0122	\$0.0349
Apr-21	\$1.2738	-\$0.0117	\$0.0321
May-21	\$1.2787	-\$0.0112	\$0.0293
Jun-21	\$1.2854	-\$0.0103	\$0.0266
Jul-21	\$1.2985	-\$0.0103	\$0.0250
Aug-21	\$1.3106	-\$0.0104	\$0.0237
Sep-21	\$1.3215	-\$0.0102	\$0.0221
Oct-21	\$1.3317	-\$0.0101	\$0.0213
Nov-21	\$1.3415	-\$0.0098	\$0.0201

Sprague Heat Weighted Strip October -April 20/2021		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$2.53	\$38.4900	-\$0.2300
Crude - Brent		\$41.0200	-\$0.0300
Natural Gas		\$1.4950	\$0.0130
Gasoline		\$1.1533	-\$0.0409



Commitment of Traders Report for the Week Ending June 23, 2020

Producer/Merchant Heat Positons CFTC Commitment of Traders Report



Managed Money Heat Positons CFTC Commitment of Traders Report

