

Market Commentary

Recap: Crude oil futures turned lower on Friday, erasing early gains after a better-than-expected jobs report in the U.S. The rise in the U.S. dollar, along with heightened concern over the spread of COVID-19's delta variant and its potential impact on demand, has acted as a deterrent for bulls. The slump in crude prices over the week has come as the delta variant has prompted renewed mobility restrictions. Both Japan and China have reinstated lockdown measures in some regions to limit the spread of the highly transmissible variant. September WTI fell 81 cents, or 1.2%, to settle at \$68.28 a barrel, down 7.7% on the week. The weekly decline marked the sharpest for the contract since the week ended Oct. 30. The dollar was climbing 0.6% on the day and 0.7% on the week, as gauged by the ICE U.S. Dollar Index. Brent for October delivery slipped 59 cents, or 0.83%, to close the week at \$70.70 a barrel. Brent's weekly decline, down nearly 6.3%, is the steepest since March 19 when it fell 6.78%. Despite the weak outlook for demand from Asia, there are some improved metrics in the U.S., where roads have remained busy. Vehicle miles traveled on highways in the week to Aug. 1 match the similar week in 2019, before the pandemic hit, according to the Department of Transportation. Gasoline deliveries to the Spanish market jumped above pre-pandemic levels last month. September RBOB lost 3.71 cents, or 1.6%, to settle at \$2.2569 per gallon, with a weekly fall of 3.3%, representing the sharpest such fall since March 19. This is the largest one week net and percentage decline since the week ending March 19, snapping a two week winning streak. September heating oil shed 2.15 cents, or 1%, to end at \$2.0845 per gallon, with a 5.1% weekly drop, marking its sharpest such fall since mid-March.

Technical Analysis: A surge in the U.S. dollar weighed heavily on WTI, as the greenback rose sharply after monthly U.S. job growth came in higher than expected, raising the odds of a sooner than expected tightening by the Federal Reserve. The main trend for WTI is to the downside, with a break through \$67.30 opening up for a run at \$65.01. To the upside, resistance sits at \$69.71 and above that \$71.07.

Fundamental News: ClipperData reported global floating crude stocks currently stand at 94 million barrels, a four month high, driven by increased demand in Asia over the past couple of weeks.

A survey by S&P Global Platts found that OPEC+ increased their crude oil production in July by 750,000 b/d, just slightly shy of its planned goal. Saudi Arabia was seen pumping at a 15 month high of 9.48 million b/d while Russia increased production to 9.64 million b/d, slightly above its July quota of 9.5 million b/d.

Baker Hughes reported today the number of drilling rigs search for oil in the U.S. for the current week stood at 387 rigs, up 2 from the prior week. The number of rigs operating in the Permian basin remained unchanged on the week at 243 rigs.

IIR Energy reported that U.S. oil refiners are expected to shut in 241,000 bpd of capacity in the week ending August 6th, increasing available refining capacity by 171,000. Offline capacity is expected to fall to 176,000 bpd in the week ending August 13th, and further to 145,000 bpd in the week ending August 20th.

Operators at Shell's Norco refinery reportedly have shut down the 110,000 b/d cat cracker for repairs and as a result have moved up the scheduled maintenance.

Motiva's Port Arthur is restoring operations at two of its three crude units after a transformer issued caused a power blip and disrupted production on Thursday. The two crude units account for slightly less than half of the refinery's crude capacity.

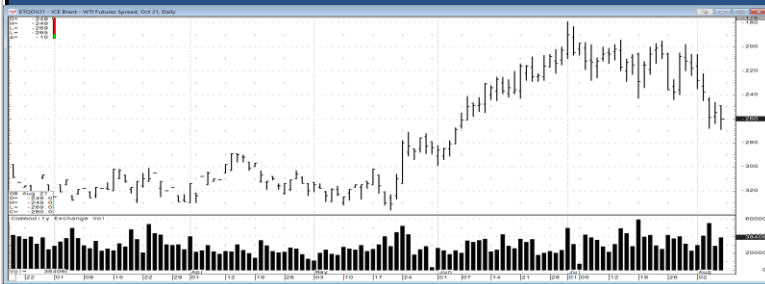
Early Market Call - as of 8:30 AM EDT
WTI - Sep \$65.65, down \$2.63
RBOB - Sep \$2.1858, down 7.13 cents
HO - Sep \$2.0144, down 7.02 cents

All NYMEX | Prior Settlements

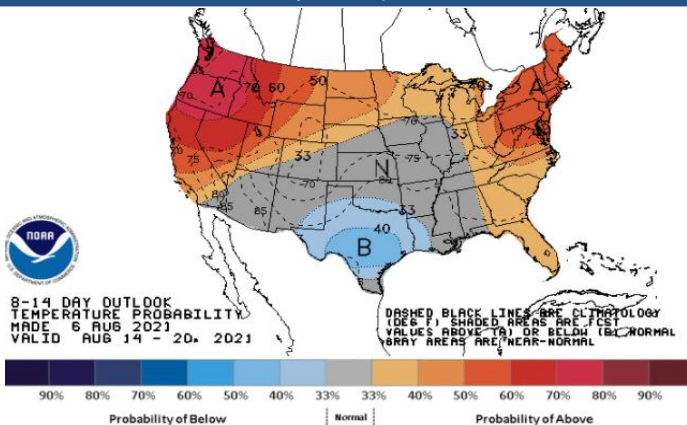
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-21	\$2.0845	-\$0.0215	-\$0.1111
Oct-21	\$2.0881	-\$0.0206	-\$0.1083
Nov-21	\$2.0888	-\$0.0204	-\$0.1060
Dec-21	\$2.0879	-\$0.0201	-\$0.1037
Jan-22	\$2.0867	-\$0.0193	-\$0.0999
Feb-22	\$2.0824	-\$0.0183	-\$0.0961
Mar-22	\$2.0729	-\$0.0171	-\$0.0920
Apr-22	\$2.0577	-\$0.0158	-\$0.0883
May-22	\$2.0484	-\$0.0142	-\$0.0843
Jun-22	\$2.0429	-\$0.0132	-\$0.0812
Jul-22	\$2.0426	-\$0.0125	-\$0.0787
Aug-22	\$2.0428	-\$0.0120	-\$0.0766
Sep-22	\$2.0430	-\$0.0119	-\$0.0764
Oct-22	\$2.0437	-\$0.0121	-\$0.0729
Nov-22	\$2.0441	-\$0.0125	-\$0.0717
Dec-22	\$2.0431	-\$0.0129	-\$0.0708
Jan-23	\$2.0422	-\$0.0129	-\$0.0692

Sprague HeatCurve October 2021-April 2022		Close	Change
Crude - WTI	Oct Brent-WTI Spread \$2.21	\$68.1000	-\$0.6400
Crude - Brent		\$70.3100	-\$0.5900
Natural Gas		\$4.1400	Unchanged
Gasoline		\$2.2569	-\$0.0371

October Brent WTI Spread



NWS 8-14 Day Temperature Outlook



NWS 3-4 Week Temperature Outlook

