

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil futures fell for the third straight session on Monday after data from China's economic recovery slowed more than anticipated last month. Oil prices retreated as cases of the Delta variant of the coronavirus surge around the world, fueling fears that a new wave of travel restrictions will soften demand for fuel. Indicators of industrial, consumption and investment activity all showed growth retreating faster than expected and decelerating from June's yearly growth rates. The data are a concern for commodity traders because China is the world's largest importer of oil and a huge consumer of the other raw materials. A stronger U.S. dollar was also hammering the price of crude oil. September WTI slid as much as \$2.71 or 4% to a session low of \$65.73 a barrel before paring losses to settle at \$67.29, down \$1.15, or 1.68%, while October Brent fell \$2.45 or 3.4% to a low of \$68.14 a barrel before it too pared losses to settle at \$69.51 a barrel, down \$1.08, or 1.53%. Both WTI and Brent crude prices marked their lowest settlements since Aug. 9, according to Dow Jones Market Data. RBOB spreads narrowed today, with the Sept/Oct spread narrowing by 1.56 cents per gallon to settle at 13.41 cents. September RBOB fell 2.7% to \$2.20 a gallon and September heating oil lost 1.4% to \$2.05 a gallon.

**Technical Analysis:** Oil futures fell as commodity fund managers liquidated positions for a third straight session in response to the Chinese economic data. The main trend for crude oil is to the downside, with a trade below \$65 reaffirming the downtrend. A push back above \$69.70 will shift the trend to the upside. In the near term, we would look for this market to continue to trade sideways between \$65 and \$69.70. A break above \$69.70 sets this market up for a run at \$71.10, the 50% retracement between the July high of \$76.98 and the July low of \$65.21. A break below \$65.21 opens up the opportunity for a push toward the May low of \$61.56.

**Fundamental News:** Exports from Nigeria's Forcados crude oil terminal are under force majeure due to a leak at the facility. The terminal was scheduled to export around 246,000 bpd of oil in August, about 16% of Nigeria's July exports of 1.5 million bpd. Shell Petroleum Development Co of Nigeria Ltd confirmed exports of Forcados crude oil were under force majeure. A SPDC spokesman said the company declared force majeure after curtailing production and suspending exports having noticed sheen on the water around the loading buoy.

According to the Energy Information Administration's monthly drilling productivity report, U.S. oil output from seven major shale formations is expected to increase by about 49,000 bpd in September to 8.1 million bpd.

Four sources said OPEC and its allies, including Russia, believe oil markets do not need more oil than they plan to release in the coming months despite U.S. pressure to add more crude to halt an oil price increase. Last week, U.S. President Joe Biden's administration urged OPEC and its allies to increase oil output to tackle rising gasoline prices that they see as a threat to the global economic recovery. OPEC+ agreed in July to boost output by 400,000 barrels per day a month starting in August until its current oil output reductions of 5.8 million bpd are fully phased out.

The American Petroleum Institute and 11 other groups filed a lawsuit in federal court in Louisiana, suing the Biden administration for halting drilling auctions on federal lands and waters this year. The lawsuit seeks to compel the U.S. Department of Interior to reinstate oil and gas lease sales.

IIR Energy reported that U.S. oil refiners are expected to shut in 145,000 bpd of capacity in the week ending August 20<sup>th</sup>, increasing available refining capacity by 31,000 bpd.

**Early Market Call - as of 8:15 AM EDT**

WTI - Sep \$66.78, down 51 cents

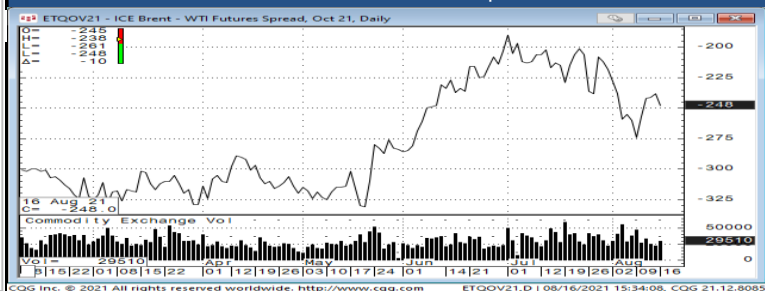
RBOB - Sep \$2.1968, down 36 points

HO - Sep \$2.0417, down 63 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-21	\$2.0483	-\$0.0296	\$0.0062
Oct-21	\$2.0511	-\$0.0292	\$0.0058
Nov-21	\$2.0517	-\$0.0295	\$0.0058
Dec-21	\$2.0498	-\$0.0298	\$0.0054
Jan-22	\$2.0477	-\$0.0295	\$0.0052
Feb-22	\$2.0423	-\$0.0295	\$0.0048
Mar-22	\$2.0329	-\$0.0295	\$0.0054
Apr-22	\$2.0194	-\$0.0292	\$0.0061
May-22	\$2.0110	-\$0.0284	\$0.0057
Jun-22	\$2.0049	-\$0.0280	\$0.0037
Jul-22	\$2.0053	-\$0.0276	\$0.0036
Aug-22	\$2.0061	-\$0.0272	\$0.0037
Sep-22	\$2.0072	-\$0.0271	\$0.0048
Oct-22	\$2.0087	-\$0.0270	\$0.0049
Nov-22	\$2.0096	-\$0.0270	\$0.0054
Dec-22	\$2.0091	-\$0.0270	\$0.0065
Jan-23	\$2.0084	-\$0.0270	\$0.0069

Sprague HeatCurve October 2021-April 2022		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$2.46	\$67.0500	-\$1.1600
Crude - Brent		\$69.5100	-\$1.0800
Natural Gas		\$3.9460	\$0.0850
Gasoline		\$2.2009	-\$0.0617

### ICE October Brent-WTI Spread



## September Heating Oil Crack Spread

## September RBOB Crack Spread

