

Market Commentary

Recap: On Wednesday, the oil market steadied following its sharp gains over the past couple of sessions on the news that Mexico was set to resume its shut in production following a major outage. Mexico's Pemex reported overnight that it expected to resume its output by August 30th after it shut in 421,000 bpd due to a platform fire on Sunday. The market, however, traded higher extending its gains for a third session as the market awaited the release of the EIA's petroleum stocks report. The market remained buoyed following the release of the inventory report, which showed that fuel demand increased to its highest level since the start of the COVID-19 pandemic. The EIA reported that the four week average of U.S. total product supplied increased to nearly 21 million bpd, its highest since March 2020, when governments initially began imposing pandemic-related lockdowns. The crude market posted a low of \$66.92 in overnight trading and rallied to \$68.20 early in the morning before settling a sideways trading pattern for most of the session. The market rallied further and posted a high of \$68.54. The September WTI contract settled up 82 cents or 1.21% at \$68.36, while the Brent market settled up \$1.20 or 1.69% at \$72.25. The product markets were also well supported, with the heating oil market settling up 5.14 cents at \$2.1182 and the RBOB market settling up 12 cents at \$2.3008.

Technical Analysis: The crude oil market is again seen retracing some of its sharp gains before it continues this week's upward trend. While, the market is trading higher it has not breached its downward trend channel. Technically, the market is seen finding resistance at \$69.36, its 50% retracement level off a low of \$61.74 to a high of \$76.98, followed by \$71.16, its 62% retracement level, and \$71.33, basis a trendline. Support is seen at its low of \$66.92, \$66.30, \$65.41, \$65.00, \$63.76 and \$61.74.

Fundamental News: The EIA reported that U.S. total product supplied in the week ending August 20th increased to the highest level since March 2020. Product supplied, a proxy for fuel demand, increased to 21.8 million bpd. Meanwhile, crude oil inventories fell by 2.98 million barrels on the week to 432.6 million barrels, the lowest level since January 2020. Crude oil stocks in the Midwest fell to 114.5 million barrels, the lowest level since October 2018. U.S. East Coast gasoline stocks fell by 2.3 million barrels to 56.4 million barrels, the lowest level since March 2018.

US exports of diesel to Europe are expected to reach 282,000 tons in August, well below July's 462,000 tons.

The Biden administration said it would take steps to restart the federal oil and gas leasing program in the next week and planned to hold a Gulf of Mexico auction later this year. The move comes two months after the administration first said it would comply with a federal judge's order blocking its months-long pause in oil and gas leasing on federal lands and waters. In a filing to a Louisiana federal district court, the administration said the Interior Department would take procedural steps to hold a sale of oil leases in the Gulf of Mexico by the end of this month. The auction itself is expected in October or November.

Pemex's Chief Executive, Octavio Romero, said the company expects to resume all oil production impacted by a deadly fire on an offshore platform by August 30th. Sunday's accident in the southern Gulf of Mexico shut in 125 wells. So far 35 wells, which produce 71,000 bpd, have been brought back online. The company's head said the fire at the platform could have been caused by a gas leak.

IIR Energy reported that U.S. oil refiners are expected to shut in 179,000 bpd of capacity in the week ending August 27th, increasing available refining capacity by 140,000 bpd. Offline capacity is expected to increase to 206,000 bpd in the week ending September 3rd.

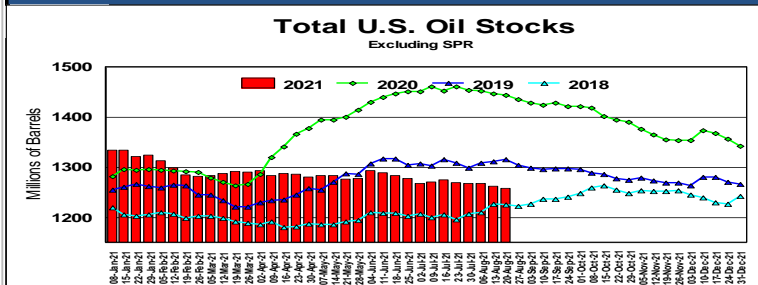
Early Market Call - as of 8:10 AM EDT

WTI - Oct \$67.63, down 73 cents
 RBOB - Sep \$2.2815, down 1.92 cents
 HO - Sep \$2.1048, down 1.34 cents

All NYMEX | Prior Settlements

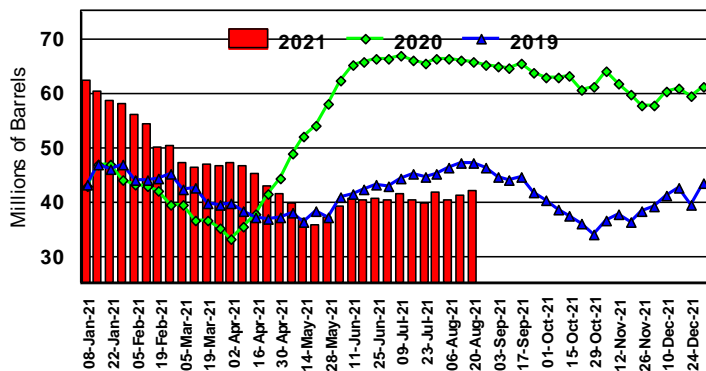
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-21	\$2.1182	\$0.0514	\$0.0970
Oct-21	\$2.1181	\$0.0487	\$0.0935
Nov-21	\$2.1143	\$0.0457	\$0.0890
Dec-21	\$2.1092	\$0.0442	\$0.0857
Jan-22	\$2.1034	\$0.0432	\$0.0821
Feb-22	\$2.0947	\$0.0428	\$0.0791
Mar-22	\$2.0831	\$0.0422	\$0.0763
Apr-22	\$2.0661	\$0.0413	\$0.0732
May-22	\$2.0545	\$0.0402	\$0.0702
Jun-22	\$2.0462	\$0.0392	\$0.0675
Jul-22	\$2.0449	\$0.0385	\$0.0658
Aug-22	\$2.0445	\$0.0380	\$0.0646
Sep-22	\$2.0449	\$0.0375	\$0.0650
Oct-22	\$2.0462	\$0.0371	\$0.0635
Nov-22	\$2.0466	\$0.0370	\$0.0629
Dec-22	\$2.0460	\$0.0368	\$0.0627
Jan-23	\$2.0453	\$0.0366	\$0.0619

Sprague HeatCurve October 2021-April 2022		\$2.0987
	Close	Change
Crude - WTI	\$68.3600	\$0.8200
Crude - Brent	\$72.2500	\$1.2000
Natural Gas	\$3.8970	\$0.0010
Gasoline	\$2.3008	\$0.1200



Weekly EIA Petroleum Status Report for the Week Ending August 20, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 2.98 million barrels
 Cushing, OK Crude Stocks Up 70,000 barrels
Gasoline Stocks Down 2.241 million barrels
Distillate Stocks Up 645,000 barrels
Refinery % Operated 92.4%, Up 0.2%

PADD #1

	Week Ending Aug 20, 2021	Week Ending Aug 13, 2021	Week Ending Aug 21, 2020
Distillate Stocks (in million bbls)			
New England	7.5	6.8	12.3
Central Atlantic	20.0	20.3	38.1
Total PADD #1	42.1	41.2	65.0
Distillate Imports (thousands b/d)	254	120	106