

Market Commentary

Recap: WTI climbed above \$75 a barrel for the first time since October 2018, as the market waited for a decision from OPEC+ on future production levels. The ministerial panel recommended a gradual increase in oil output to the end of the year. The Joint Ministerial Monitoring Committee, which includes Russia and Saudi Arabia, recommended that the group should add 400,000 barrels per day each month from August to December. The alliance within the group fell apart after a key member blocked a deal at the last minute, casting doubt on the group's ability to reach an agreement to ease a surge in oil prices. Helping to push oil futures higher was the threat of Tropical Storm Elsa, which some tracking system have forecasted Elsa to reach the eastern part of the Gulf of Mexico. This aided in pushing August WTI to a session high of \$76.22, a gain of \$2.75, or 3.7%. Some of the gains made were given back, as traders looked to book profits. August WTI settled at \$75.23 a barrel, up \$1.76, or 2.4%. September Brent added \$1.22, or 1.63%, to settle at \$75.84 a barrel. The gap between West Texas Intermediate crude and its global counterpart Brent has shrunk to the narrowest in eight months as fuel demand rises during the U.S. summer driving season. At the same time, domestic inventories are falling at the fastest rate in decades, while shale explorers --and OPEC+ producers -- have continued to show restraint. August RBOB settled at \$2.2676 a gallon, up 2.58 cents, while August heating oil tacked on 2.79 cents, to close at \$2.1562 a gallon.

Technical Analysis: Given the upside momentum of this market, we believe that Thursday's minor pullback is temporary and therefore would look to buy on dips below \$75. At this point our upside objective remains \$77.50, with support set at \$74.51 and below that at \$72.70, followed by \$70.

Fundamental News: The OPEC+ Joint Ministerial Monitoring Committee recommended a gradual increase in oil output to the end of the year. It recommended that OPEC+ should add 400,000 bpd each month from August to December. The panel also suggested that the duration of the cartel's production cuts agreement should be extended to December 2022. The current deal is due to expire in April. OPEC+ sources said OPEC+ delayed its ministerial meeting until Friday to hold more talks on oil output policy after the United Arab Emirates blocked a plan for an immediate easing of cuts and their extension to the end of 2022.

Citi expects the oil market to remain in deep deficit of over 3 million bpd through the third quarter, even after accounting for higher OPEC+ production. It stated that should OPEC+ remain conservative in adding oil back to the market, prices look likely to increase over \$80/barrel soon.

Iraq's Oil Ministry reported that the country's oil exports in June averaged 86.765 million barrels of 2.9 million bpd and its average price stood at \$70.778/barrel.

Trafigura's Chief Executive, Jeremy Weir, said there was a chance that oil could top \$100/barrel before demand peaks. Meanwhile, Trafigura's chief economist, Saad Rahim, said oil market conditions could facilitate a test of triple-digit territory "in the next year or so". He said underinvestment by the oil industry over the last seven years has seen reserves and spare capacity fall and added that global oil demand is set to continue increasing despite worries over the spread of the delta variant of COVID-19.

According to preliminary tanker tracking data, crude exports from Saudi Arabia fell to 5.7 million bpd in June, with lower volumes destined for India, China and the U.S. Saudi Arabia's exports were down from 5.9 million bpd in May but over April's estimate of 5.6 million bpd.

Seaborne oil exports from 24 countries or regions for June shows an aggregate increase of about 600,000 bpd on the month.

Early Market Call - as of 8:15 AM EDT

WTI - Aug \$75.05, down 18 cents
 RBOB - Aug \$2.2629, down 40 points
 HO - Aug \$2.1452, down 1.05 cents

All NYMEX | Prior Settlements

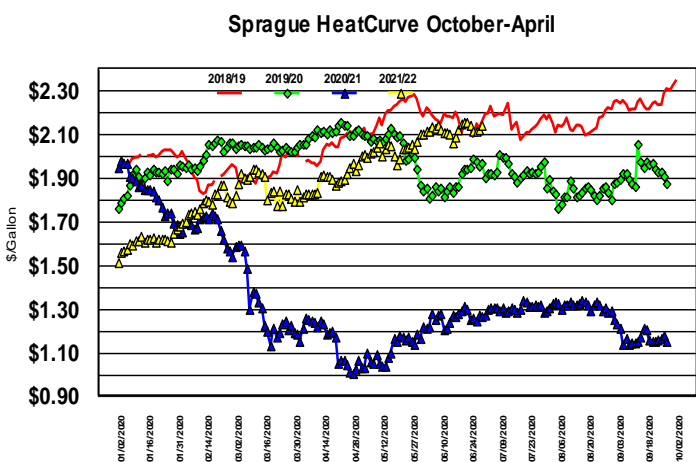
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-21	2.1562	0.0279	-0.0088
Sep-21	2.1579	0.0272	-0.0096
Oct-21	2.1575	0.0261	-0.0106
Nov-21	2.1559	0.0256	-0.0114
Dec-21	2.1535	0.0251	-0.0121
Jan-22	2.1506	0.0246	-0.0127
Feb-22	2.1444	0.0238	-0.0132
Mar-22	2.133	0.0233	-0.0124
Apr-22	2.116	0.0225	-0.0123
May-22	2.102	0.0219	-0.0128
Jun-22	2.0915	0.0215	-0.013
Jul-22	2.0882	0.0211	-0.0131
Aug-22	2.0862	0.0209	-0.0129
Sep-22	2.0847	0.0207	-0.0144
Oct-22	2.0838	0.0205	-0.0125
Nov-22	2.0824	0.0202	-0.0126
Dec-22	2.0802	0.02	-0.0123

Sprague HeatCurve October 2021-April 2022			\$2.1453
		Close	Change
Crude - WTI	Sep Brent- WTI Spread \$1.51	\$74.3300	\$1.5600
Crude - Brent		\$75.8400	\$1.2200
Natural Gas		\$3.6610	\$0.0110
Gasoline		\$2.2676	\$0.0258

EIA Working Gas Storage Report

	25-Jun-21	18-Jun-21	Change	25-Jun-2020
East	513	488	25	636
Midwest	623	595	28	737
Mountain	173	169	4	172
Pacific	244	239	5	303
South Central	1,005	991	14	1,221
Salt	296	295	1	369
Nonsalt	709	697	12	852
Total	2,558	2,482	76	3,068

Sprague HeatCurve October-April



ICE September Brent-WTI

