

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures jumped on Monday, with WTI hitting a two-year high, as OPEC+ reconfirmed a gradual increase in production, sticking to the plan agreed upon in April, whereby 2.1 million barrels per day of supply would be brought back to the market between May and July. Brent hit its highest level since March. Prices were also boosted by Chinese data showing that the country's factory activity grew at its fastest this year in May. The economic recovery in the US, Europe and Asia is expected to increase energy demand in the second half of the year as people travel more and increase fuel consumption. The U.S. driving season began over Memorial Day weekend and increasing numbers of Americans have been vaccinated, leaving people feeling freer to travel. Brent rose above \$71 a barrel, while WTI peaked above \$68 a barrel. The gains were capped, though, by expectations that more output will hit the market. July WTI settled at \$67.72, up \$1.40, or 2.11%, with August Brent adding 93 cents, or 1.34%, to settle at \$70.25 a barrel. July RBOB settled at \$2.17 a gallon, up 1.6%, while July heating oil added 1.6%, to settle at \$2.07 a gallon.

Technical Analysis: Despite the pullback, WTI continues to gain upside momentum. Prices propelled off of a higher opening to push past the March high of \$67.98, topping the session at \$68.87, the highest level since the COVID sell-off. Although slow stochastics are set deep in over bought territory, they are not signaling a cross to the downside. As long as we hold above the 10-day moving average, which is currently set at \$65.55, we would look for continued advances, with \$70 our near term upside objective. Should we break below this level, there is plenty of support at the upward trend line on the ascending channel. Below this level, support is set by the 50-day moving average, which is currently running at \$63.12.

Fundamental News: The Joint Ministerial Monitoring Committee of OPEC+ agreed to continue the existing pace of gradually easing oil supply cuts, as producers balanced expectations of a recovery in demand against a possible increase in Iranian supply. On Tuesday, it also decided to hold the next meeting on July 1st. The OPEC+ Joint Technical Committee kept its global oil demand growth forecast for 2021 unchanged at about 6 million bpd. The JTC met on Monday to assess market fundamentals ahead of a ministerial gathering of OPEC+ on Tuesday. The JTC also revised global supply down by 200,000 bpd and now expects a deficit in 2021 of 1.4 million bpd from 1.2 million bpd previously. OPEC Secretary General, Mohammad Barkindo, said he did not expect higher Iranian supply to cause problems.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said "the demand picture has shown signs of improvement." He said oil stocks are moving down to the 2015-2019 average. He urged non-compliant OPEC+ nations to compensate for their over-production.

Iran's Oil Minister, Bijan Zanganeh, said Iran's oil output can easily reach 6.5 million bpd when U.S. sanctions are lifted.

The head of the IEA, Fatih Birol, said that global oil prices will face further upward pressure unless OPEC and its oil producer allies agree to return more crude to the markets in the coming months to meet a strong demand rebound. He said global oil may return to levels seen before the pandemic in a year, signaling a speedier recovery than its previous estimates.

The Washington Post reported that President Joe Biden's Interior Department will suspend several leases for oil and gas in the Arctic National Wildlife Refuge.

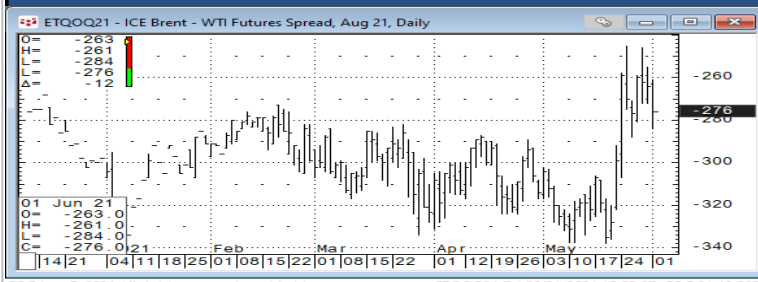
Early Market Call - as of 8:15 AM EDT

WTI - July \$68.26, up 54 cents
RBOB - July \$2.1913, up 2.09 cents
HO - July \$2.0892, up 1.77 cents

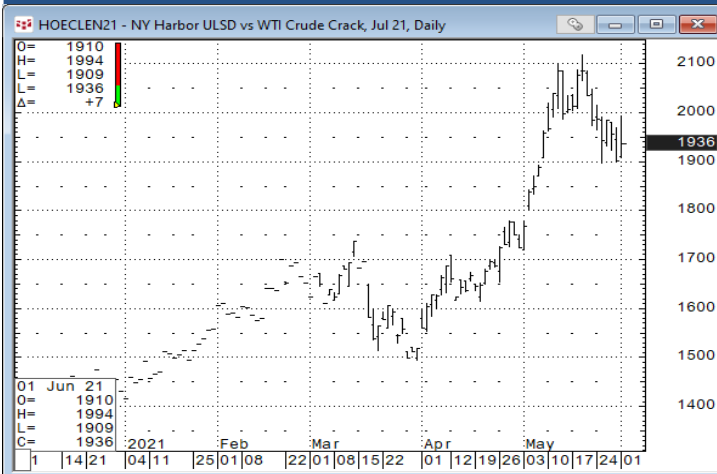
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-21	2.0715	0.0332	0.0376
Aug-21	2.0733	0.0339	0.0382
Sep-21	2.0755	0.0346	0.0382
Oct-21	2.0767	0.0349	0.0383
Nov-21	2.0768	0.0351	0.0380
Dec-21	2.0760	0.0355	0.0379
Jan-22	2.0742	0.0355	0.0368
Feb-22	2.0682	0.0351	0.0356
Mar-22	2.0581	0.0350	0.0345
Apr-22	2.0438	0.0345	0.0330
May-22	2.0351	0.0338	0.0318
Jun-22	2.0283	0.0328	0.0303
Jul-22	2.0267	0.0324	0.0295
Aug-22	2.0258	0.0319	0.0288
Sep-22	2.0256	0.0313	0.0286
Oct-22	2.0258	0.0308	0.0261
Nov-22	2.0260	0.0303	0.0255

Sprague HeatCurve October 2021-April 2022		\$2.0687
	Close	Change
Crude - WTI	\$67.5200	\$1.4200
Crude - Brent	\$70.2500	\$0.9300
Natural Gas	\$3.1040	\$0.1180
Gasoline	\$2.1704	\$0.0335

ICE August Brent-WTI Spread



July Heating Oil Crack Spread



July RBOB Crack Spread

