

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices reversed early losses, as China planned to boost U.S. imports and as OPEC+ members almost fully complied with production cuts last month. The reports of U.S. imports to China implied that tensions between China and the U.S. are not as bad as feared, and that demand for oil may be on the rise. According to Reuters, OPEC+ compliance to the agreed upon cuts was around 95% to 97%. September WTI settled at \$42.89 a barrel, up 88 cents, or 2.1%, while Brent for October delivery gained 57 cents, or 1.3%, to settle at \$45.37 a barrel. Products also gained with September RBOB adding 2.54 cents, or 2%, to settle at \$1.27 a gallon and September heating oil tacking on 0.24 cent, or 0.2%, to close at \$1.2391 a gallon.

Technical Analysis: While the oil market remains somewhat resilient, it hasn't found a distinct direction and in fact did very little during Monday's trading session. As a result, we would look for this market to continue to trade in a choppy, sideways pattern. Currently, the October contract is wedged between the 10 and 50-day moving averages, which are set at \$40.78 and \$43.68, respectively. A break below the 10-day average sets up for a run at the \$40 level, with support below that set at \$39. To the upside and above the 200-day moving average, additional resistance is set at \$45.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending August 14th increased by 62,334 barrels and by 514,205 barrels from Tuesday, August 11th to 55,783,322 barrels.

U.S. Interior Secretary, David Bernhardt, said the department could hold an oil and gas lease sale in the Arctic National Wildlife Refuge by the end of this year. He also stated that oil production could begin in the refuge in about 8 years and last for 50 years. Earlier, U.S. President, Donald Trump, said his administration was considering whether to open the Arctic National Wildlife Refuge to oil drilling.

The U.S. Bureau of Safety and Environmental Enforcement's Director, Scott Angelle, said the U.S. government is considering changes to policies for oil companies operating in the offshore Gulf of Mexico that might allow existing platforms to lengthen extensions to remote wells.

According to OPEC+ sources and a draft report, compliance with OPEC+ oil output cuts is seen at 95% to 97% in July, two days ahead of a meeting of key OPEC+ producers to review adherence with their production pact as demand slowly recovers. A technical panel of key OPEC and non-OPEC producers, known as the JTC, which met on Monday considered a scenario of substantial downside risk on demand if the virus situation worsens. The panel underscored the fragility of the oil market and uncertainties related to oil demand. It called for vigilance and monitoring of implementation of compensation for overproduction. The OPEC+ panel will meet again on September 16th. A ministerial OPEC+ committee, known as the JMMC, is meeting on Wednesday to review the oil market and compliance with the global oil supply reduction pact.

Iran's Oil Minister, Bijan Zanganeh said OPEC has managed to raise crude prices and stabilize the oil market. He said Iran's oil industry has signed 13 contracts worth roughly 1.5 billion euros with 14 local firms to enhance and maintain the country's oil production.

The EIA said U.S. oil output from seven major shale formations is expected to fall 20,000 bpd in September to about 7.56 million bpd.

IIR Energy reported that U.S. oil refiners are expected to shut in 4.02 million bpd of capacity in the week ending August 21st, slightly decreasing available refining capacity by 12,000 bpd from the previous week.

Early Market Call - as of 9:00 AM EDT

WTI - Sep \$42.74, down 15 cents

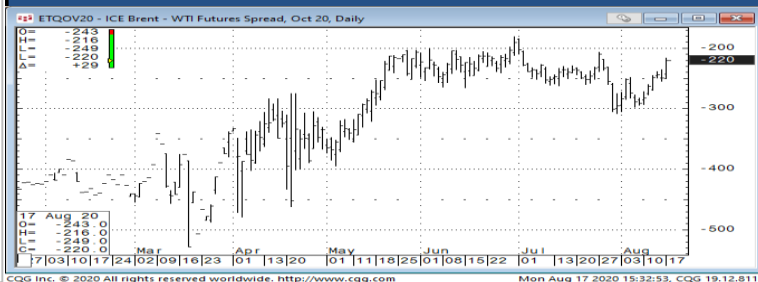
RBOB - Sep \$1.2704, up 4 points

HO - Sep \$1.2537, up 1.46 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-20	1.2391	0.0024	-0.0022
Oct-20	1.2643	0.0051	-0.0047
Nov-20	1.2876	0.0049	-0.0068
Dec-20	1.3084	0.0046	-0.0072
Jan-21	1.3275	0.0049	-0.0073
Feb-21	1.3430	0.0056	-0.0078
Mar-21	1.3527	0.0063	-0.0077
Apr-21	1.3569	0.0066	-0.0069
May-21	1.3643	0.0067	-0.0067
Jun-21	1.3746	0.0073	-0.0083
Jul-21	1.3897	0.0076	-0.0094
Aug-21	1.4040	0.0079	-0.0102
Sep-21	1.4173	0.0083	-0.0108
Oct-21	1.4291	0.0086	-0.0113
Nov-21	1.4397	0.0090	-0.0115
Dec-21	1.4479	0.0094	-0.0118
Jan-22	1.4588	0.0097	-0.0126

Sprague Heat Weighted Strip October -April 20/2021			\$1.3244
		Close	Change
Crude - WTI	Oct Brent-	\$43.1700	\$0.8600
Crude - Brent	WTI Spread	\$45.3700	\$0.5700
Natural Gas	\$2.20	\$2.3390	-\$1.7000
Gasoline		\$1.2700	\$0.0254

ICE October Brent-WTI Spread



September Heating Oil Crack Spread

September RBOB Crack Spread

