

Market Commentary

Recap: Oil prices rose on Monday, supported by upbeat economic data out of China and Europe and signs of further slowdowns in oil production. U.S. stock indexes, which broadly rose on Monday, also added support for oil prices, which at times, track equity markets. Fears of a second wave of the pandemic are keeping prices from going higher. August WTI rose as much as 3.2%, to a session high of \$39.89 before slightly trimming gains to settle at \$39.70 a barrel, up \$1.21 or 3.1%. Brent for August delivery added 69 cents, or 1.5%, to settle at \$41.71 a barrel. Petroleum products also rose, with July RBOB up 2.7% to \$1.1841 a gallon and July heating oil rising 2.6% to \$1.1654 a gallon.

Technical Analysis: Friday's break below the bottom trend line of the ascending channel on the August bar chart was a false breakout, as this spot contract settled back with in the channel today. Despite the higher move, and based upon a spot continuation chart, WTI has been moving sideways between \$35 and \$41 since the beginning of June. At this point in time, we would like to see a larger shift in bullish fundamentals in order for prices to break out of this pattern. That being said, we are looking for continued sideways movement. Support is set between \$39.26 and \$39.16, the channel bottom and the current 10-day moving average, with resistance set at \$40 and \$41.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma for the week ending Friday, June 26th fell by 153,330 barrels on the week and by 609,239 barrels from Tuesday, June 23rd to 47,606,517 barrels.

According to Petrologistics, OPEC's oil output in June was cut by 1.25 million bpd from May levels as it works to implement a supply cut agreement with Russia and other allies. OPEC and its allies agreed to cut production by 9.7 million bpd from May 1st. Petrologistics reported that excluding Iran, Libya and Venezuela, OPEC-10 supply remains about 1.55 million bpd away from full compliance.

The UAE's Abu Dhabi National Oil Company will cut its crude oil nominations to its customers for August, in line with OPEC+ pact to reduce oil supplies. Nominations for all crude grades, Murban, Upper Zakum, Das and Umm Lulu, will be cut by 5% each.

Iraq's oil exports have fallen by almost 9% or 310,000 bpd in June, suggesting OPEC's second-largest producer has delivered about three-fifths of its pledge in an OPEC-led supply cut deal. Petro-Logistics, Refinitiv Eikon and an industry source reported that southern Iraqi exports in the first 28 days of June averaged 2.90 million bpd, 200,000 bpd from May's official southern exports figure. Exports from northern Iraq have also fallen in June. So far, total northern exports are about 370,000 bpd, down about 110,000 bpd from May.

Libya's National Oil Corporation said there had been international talks to end a blockade on oil exports, imposed since January by eastern-based forces in the country's civil war, and that it was hopeful output would resume.

IIR Energy reported that U.S. oil refiners are expected to shut in about 3.9 million bpd of capacity in the week ending July 3rd, increasing available refining capacity by 117,000 bpd from the previous week. Offline capacity is expected to fall to 3.7 million bpd in the week ending July 10th.

Early Market Call - as of 8:44 AM EDT

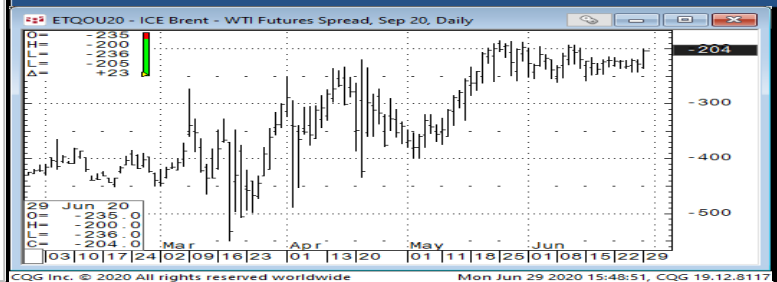
WTI - Aug \$39.01 down 69 cents
 RBOB - July \$1.1831 down 10 points
 HO - July \$1.11601 down 53 points

All NYMEX | Prior Settlements

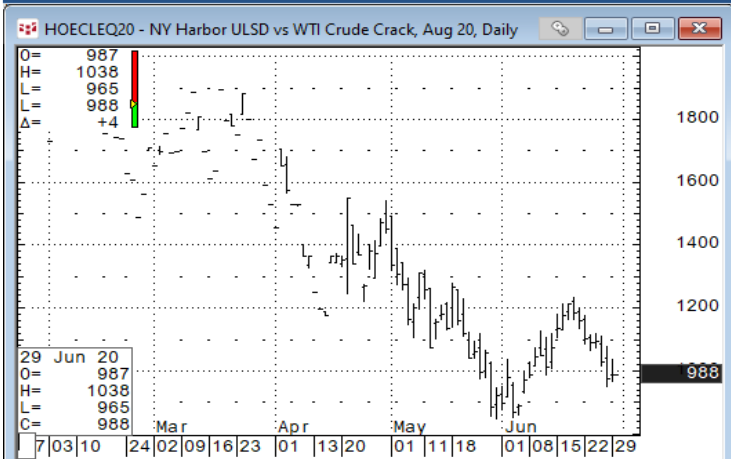
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-20	\$1.1654	\$0.0291	\$0.0532
Aug-20	\$1.1775	\$0.0268	\$0.0532
Sep-20	\$1.1991	\$0.0247	\$0.0505
Oct-20	\$1.2214	\$0.0225	\$0.0472
Nov-20	\$1.2410	\$0.0214	\$0.0440
Dec-20	\$1.2562	\$0.0209	\$0.0420
Jan-21	\$1.2709	\$0.0204	\$0.0406
Feb-21	\$1.2827	\$0.0197	\$0.0390
Mar-21	\$1.2905	\$0.0192	\$0.0366
Apr-21	\$1.2925	\$0.0187	\$0.0346
May-21	\$1.2973	\$0.0186	\$0.0323
Jun-21	\$1.3038	\$0.0184	\$0.0298
Jul-21	\$1.3164	\$0.0179	\$0.0286
Aug-21	\$1.3280	\$0.0174	\$0.0277
Sep-21	\$1.3385	\$0.0170	\$0.0264
Oct-21	\$1.3485	\$0.0168	\$0.0257
Nov-21	\$1.3581	\$0.0166	\$0.0246

Sprague Heat Weighted Strip October -April 20/2021		\$1.2685
	Close	Change
Crude - WTI	\$39.7000	\$1.2100
Crude - Brent	\$41.7100	\$0.6900
Natural Gas	\$1.7090	\$0.1650
Gasoline	\$1.1841	\$0.0308

ICE September Brent-WTI Spread



August Heating Oil Crack Spread



August RBOB Crack Spread

