

Market Commentary

Recap: Oil futures finished higher on Monday, on tighter supplies from major producers as traders weighed the prospects for energy demand amid rising cases of Covid-19. Prices also received a boost from plummeting U.S. and Canadian oil rig counts, an indicator of future supply, and the easing coronavirus lockdowns however; gains were capped by the rising number of corona cases. WTI for July delivery added 71 cents, or 1.8%, to settle at \$40.46 a barrel, after putting in a gain of 9.6% last week. The July contract, which expired at the end of the session, logged its highest finish since March 6, according to Dow Jones Market Data. The new front month August WTI settled at \$40.73, up 90 cents, or 2.3%. August Brent rose 89 cents, or 2.1%, at \$43.08 a barrel, following a weekly advance of 8.9%. It also ended Monday at the highest since March 6. Prices for petroleum products settled higher, with July RBOB up 1.6% at \$1.2913 a gallon and July heating oil finished up 0.6% at \$1.2186 a gallon.

Technical Analysis: WTI is experiencing a bit of sideways trading within the ascending channel as traders weigh in on the impact the coronavirus is having on demand, a struggling global economy and production cuts by OPEC+. As mentioned previously, we expect for prices to struggle to the upside with the near term goal of filling the upside gap, which in August is up at \$42.17. Resistance prior to this level is set at \$41.29. To the downside support is set at \$38 and below that at \$35.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Friday, June 19th fell by 3,621,592 barrels on the week and by 1,412,874 barrels from Tuesday, June 16th to 47,759,847 barrels.

Bank of America Global Research increased its oil price forecast for this year and next as demand recovers from coronavirus-linked shutdowns, the OPEC+ output cut deal curtails supply, and producers slash capital expenditure. The bank sees Brent crude oil averaging \$43.70/barrel in 2020, up from a previous estimate of \$37/barrel. In 2021 and 2022, the bank forecasts average prices of \$50/barrel and \$55/barrel, respectively. BofA expects an average WTI price of \$39.70/barrel this year, compared with a previous forecast of \$32/barrel, and average prices of \$47/barrel in 2021 and \$50/barrel in 2022. It expects the oil market to register a deficit of 2.5 million bpd in the second half of 2020 and 1.7 million bpd in 2021. The bank said its bullish view could be challenged if production increased with the increase in prices, or if there was a significant second wave of COVID-19 infections.

Kuwait and Saudi Arabia plan to resume oil production from their jointly-owned Khafji and Wafra oilfields on July 1st. Output from Khafji oilfield, which was halted for a month, is expected to be about 80,000 bpd on July 1st, before increasing to 100,000 bpd two months later. Production is expected to reach 175,000 bpd from Khafji field by the end of the year. Wafra field will also start production on July 1st, and initial output is expected to total 10,000 bpd before increasing to 70,000 bpd at the end of August and then up to 145,000 bpd by the end of 2020.

IIR Energy reported that U.S. oil refiners are expected to shut in about 4 million bpd of capacity offline in the week ending June 26th, increasing available refining capacity by 41,000 bpd from the previous week. Offline capacity is expected to fall to 3.8 million bpd in the week ending July 3rd.

Credit rating agency Moody's said the coronavirus will push debt levels in the world's richest nations up by almost 20% on average this year, almost double the damage seen during the financial crash.

Early Market Call - as of 8:43 AM EDT

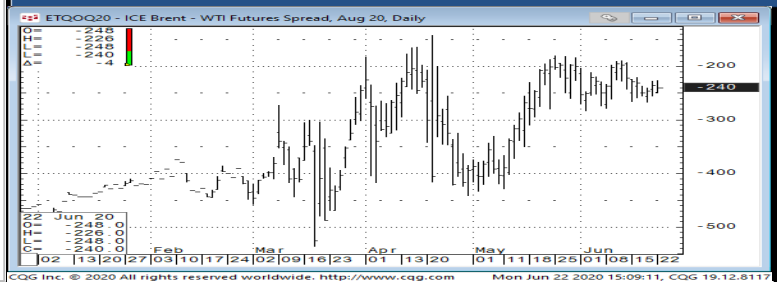
WTI - July \$41.28 up 55 cents
 RBOB - July \$1.3177 up 2.64 cents
 HO - July \$1.2329 up 1.43 cents

All NYMEX | Prior Settlements

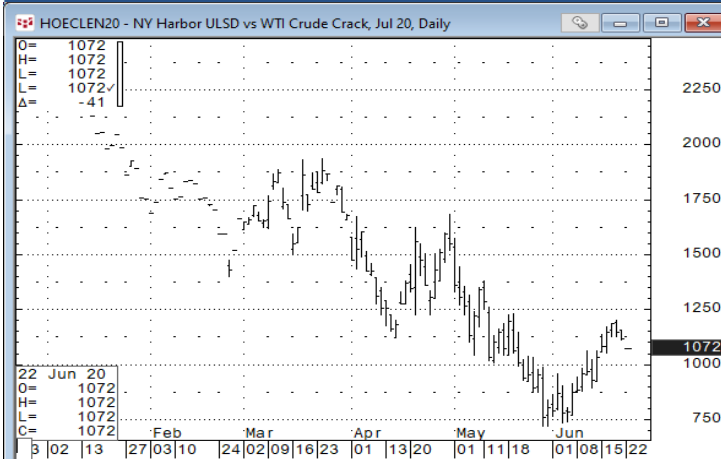
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-20	1.2186	0.0072	-0.0816
Aug-20	1.2307	0.0099	-0.0754
Sep-20	1.2496	0.0130	-0.0737
Oct-20	1.2686	0.0154	-0.0729
Nov-20	1.2850	0.0172	-0.0719
Dec-20	1.2982	0.0187	-0.0709
Jan-21	1.3115	0.0198	-0.0702
Feb-21	1.3217	0.0206	-0.0689
Mar-21	1.3271	0.0209	-0.0666
Apr-21	1.3271	0.0212	-0.0642
May-21	1.3296	0.0216	-0.0617
Jun-21	1.3336	0.0216	-0.0585
Jul-21	1.3450	0.0215	-0.0561
Aug-21	1.3557	0.0214	-0.0538
Sep-21	1.3649	0.0213	-0.0515
Oct-21	1.3742	0.0212	-0.0498
Nov-21	1.3827	0.0211	-0.0485

Sprague Heat Weighted Strip October -April 20/2021		\$1.3087
	Close	Change
Crude - WTI	\$40.7300	\$0.9000
Crude - Brent	\$43.0800	\$0.8900
Natural Gas	\$2.35	-\$0.0050
Gasoline	\$1.2913	\$0.0197

ICE August Brent-WTI Spread



July Heating Oil Crack Spread



July RBOB Crack Spread

