

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures pared earlier gains to slip for the fourth straight session on Tuesday, as surging cases of the coronavirus across the globe continue to paint a grim picture for demand and as OPEC and its allies believe the market does not need more oil. Japan, the world's third largest economy, on Tuesday extended its state of emergency in Tokyo and other regions and announced new measures covering seven more prefectures to counter a spike in COVID-19 infections that is threatening the medical system. Meanwhile New Zealand entered a new lockdown after the country's first coronavirus case in six months was reported. September WTI fell 70 cents, or 1%, to settle at \$66.59 a barrel, while October Brent settled at \$69.03, down 48 cents, or 0.7%. Petroleum products also slipped, with September RBOB shedding 1.6%, to \$2.17 a gallon and September heating oil losing 0.6%, to close at \$2.04 a gallon.

Market Outlook: Oil futures ran out of steam amid rising concerns over the wide spread of the Delta variant of COVID-19. The overall market sentiment appears to be picking up more bears lately, as the summer driving season in the northern hemisphere is coming to an end, while the spreading pandemic is delaying a recovery in global fuel demand. Worries over weaker demand in China, the world's biggest oil importer, grew on Monday after the nation's daily crude processing last month fell to the lowest since May 2020 as independent plants slashed production amid tighter quotas, high inventories and weakening profits. China's factory output and retail sales growth also slowed sharply and missed expectations in July. Hedge funds have also been letting up on length, as they sold petroleum for the sixth time in eight weeks as the spread of the coronavirus dimmed hopes of a resumption of long-distance passenger travel. It was an inside trading session for crude oil today, as both Brent and WTI traded within Monday's trading session, followed by a lower close. This typically brings about additional selling. At this point we would look for a push toward \$65, where we should see some bottom fishing taking place. Should we get a push below this level, we would look for a stretch toward the May low of \$61.56. A bounce above the 10-day moving average opens up the opportunity for a run at \$69.70.

Fundamental News: Goldman Sachs said a move lower in oil prices continues to reflect concerns over the impact of the Delta wave on oil demand. It said its base case remains that this will remain a transient demand hit. It said the oil market deficit will persist through the end of the year, eventually requiring a sharp increase in OPEC output and a further rebound in shale activity. Goldman Sachs still forecast Brent to reach \$80/barrel by the fourth quarter. It stated that while breakthrough infections are raising concerns about the medium-term demand outlook, it sees increasing offsetting downside risks to global supply. It estimates global oil demand at 98 million bpd compared with its previous forecast of 97.8 million bpd.

U.S. arrivals of diesel and gasoil in Europe stand at about 234,000 tons so far in August, compared with 462,000 tons in July.

Northwest European gasoline exports to the United States have reached about 711,000 tons so far in August. This compares with 1.15 million tons for July and 1.41 million tons in June.

U.S. State Department spokesperson, Ned Price, said the window for Iran and world powers to return to nuclear talks in Vienna will not remain open indefinitely. Negotiations have stalled since Iran's election in June and the new administration of President Ebrahim Raisi has not yet signaled when they might resume. The State Department spokesperson said Iran's escalation of atomic activities beyond the limits of the 2015 deal are "unconstructive and inconsistent" and will not give it more leverage in negotiations.

Early Market Call - as of 8:30 AM EDT

WTI - Sep \$67.19, up 59 cents
 RBOB - Sep \$2.1802, up 1.56 cents
 HO - Sep \$2.0576, up 2.13 cents

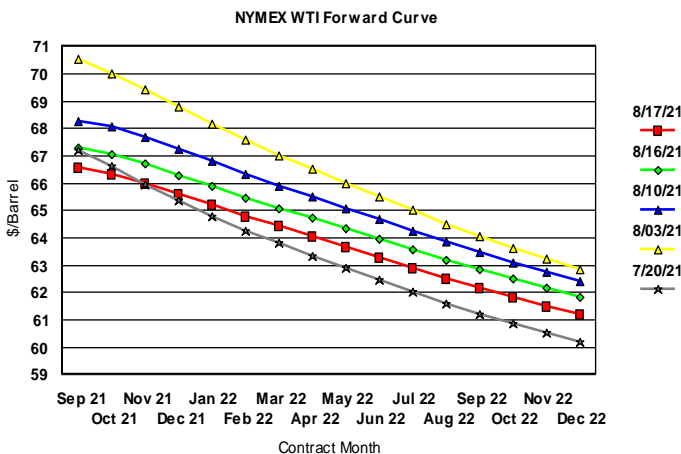
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-21	2.0361	-0.0122	-0.0441
Oct-21	2.0392	-0.0119	-0.0438
Nov-21	2.0397	-0.012	-0.0435
Dec-21	2.0378	-0.012	-0.0435
Jan-22	2.0355	-0.0122	-0.0431
Feb-22	2.0301	-0.0122	-0.0428
Mar-22	2.021	-0.0119	-0.041
Apr-22	2.007	-0.0124	-0.0398
May-22	1.998	-0.013	-0.0397
Jun-22	1.9915	-0.0134	-0.0405
Jul-22	1.9914	-0.0139	-0.0403
Aug-22	1.9919	-0.0142	-0.04
Sep-22	1.9929	-0.0143	-0.039
Oct-22	1.9943	-0.0144	-0.0384
Nov-22	1.995	-0.0146	-0.038
Dec-22	1.9944	-0.0147	-0.0373
Jan-23	1.994	-0.0144	-0.0363

Sprague HeatCurve October 2021-April 2022			\$2.0309
		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$2.69	\$66.3400	-\$0.7100
Crude - Brent		\$69.0300	-\$0.4800
Natural Gas		\$3.8370	-\$0.1090
Gasoline		\$2.1656	-\$0.0353

API Report for the Week Ending August 13, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 1.2 million barrels	Down 1.1 million bbls
Cushing, OK Crude Stocks	Down 1.7 million barrels	
Gasoline Stocks	Down 1.2 million barrels	Down 1.7 million barrels
Distillate Stocks	Up 502,000 barrels	Down 300,000 barrels

WTI Forward Curve



WTI Continuation



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