

Market Commentary

Recap: The oil market, which looked set to post another inside trading day early in the session, sold off and continued on its downward trend. The market was pressured as traders remained concerned about the outlook for demand as COVID-19 cases surge worldwide. The market also traded lower amid the strength in the U.S. dollar. The market sold off despite the EIA reporting a larger than expected draw in U.S. crude inventories of 3.2 million barrels to 435.5 million barrels, the lowest level since January 2020. The September crude contract sold off to \$65.26 in afternoon trading before it quickly bounced off that level and settled in a sideways trading pattern ahead of the close. The WTI market settled in negative territory for the fifth consecutive day, down \$1.13 or 1.78% at \$65.46. However, the market later continued to sell off, breached the \$65 level and posted a low of \$64.73. The Brent contract settled down 80 cents or 1.16% at \$68.23. The product markets settled in negative territory, with the heating oil market settling down 1.13 cents at \$2.0212 and the RBOB market settling down 1.79 cents at \$2.1477.

Technical Analysis: The oil market is seen continuing on its downward trend following today's sharp losses that pushed the market to lows not seen since late May. The market is seen finding support at its low of \$64.73 followed by \$63.63 and \$61.56. Meanwhile, resistance is seen at \$65.89, its highs of \$67.48, \$67.72 and \$68.27.

Fundamental News: The EIA reported that U.S. crude oil stocks fell by 3.2 million barrels in the week ending August 13th to 435.5 million barrels, the lowest level since January 2020. Midwest crude stocks fell by 2.3 million barrels to 114.8 million barrels, the lowest level since October 2018. Crude stocks at Cushing, Oklahoma fell by 980,000 barrels to 33.6 million barrels, the lowest level since October 2018. The EIA said weekly jet fuel product supplies, a proxy for demand increased by 1.7 million bpd, the highest level since March 2020.

The deputy director of the Bureau of Ocean Energy Management, Walter Cruickshank, said efforts to resume a federal oil and gas leasing program are underway following a court decision reversing the Biden administration's suspension.

IIR Energy reported that U.S. oil refiners are expected to shut in 324,000 bpd of capacity in the week ending August 20th, cutting available refining capacity by 76,000 bpd. Offline capacity is expected to fall to 66,000 bpd in the week ending August 27th.

The National Bureau of Statistics reported that China's diesel output in July fell by 12.5% on the year to 13.215 million tons. It reported that China's gasoline output in July increased by 16.6% on the year to 13.742 million tons, while China's kerosene output increased by 5.2% on the year to 3.492 million tons, its fuel oil output increased by 29% on the year to 3.78 million tons and its LPG output increased by 5.9% on the year to 4.18 million tons.

China's diesel exports in July fell by 41% on the month as refiners neared the end of the first batch of 2021 refined fuel export quotas, while a fall in domestic fuel supplies encouraged refiners to prioritize local demand. Data from the General Administration of Customs showed that diesel shipments were 1.39 million tons or 334,500 barrels in July, hitting the lowest level since September 2020. That was down from 2.36 million tons in June but still well above 550,000 tons in July last year. China's gasoline exports in July also fell by 49% on the month to only 740,000 tons or 199,000 bpd, the lowest point in 14 months.

Early Market Call - as of 8:15 AM EDT

WTI - Sep \$63.25, down \$2.21

RBOB - Sep \$2.0870, down 6.06 cents

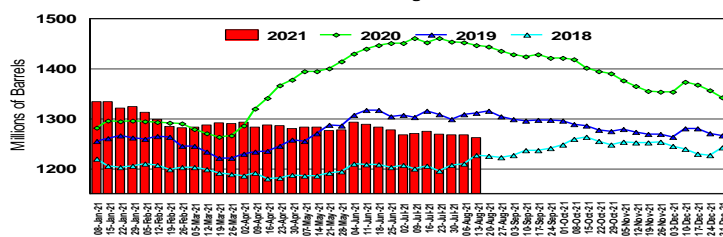
HO - Sep \$1.9663, down 5.53 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-21	\$2.0212	-\$0.0149	-\$0.0846
Oct-21	\$2.0246	-\$0.0146	-\$0.0847
Nov-21	\$2.0253	-\$0.0144	-\$0.0845
Dec-21	\$2.0235	-\$0.0143	-\$0.0843
Jan-22	\$2.0213	-\$0.0142	-\$0.0836
Feb-22	\$2.0156	-\$0.0145	-\$0.0836
Mar-22	\$2.0068	-\$0.0142	-\$0.0819
Apr-22	\$1.9929	-\$0.0141	-\$0.0808
May-22	\$1.9843	-\$0.0137	-\$0.0801
Jun-22	\$1.9787	-\$0.0128	-\$0.0797
Jul-22	\$1.9791	-\$0.0123	-\$0.0788
Aug-22	\$1.9799	-\$0.0120	-\$0.0779
Sep-22	\$1.9809	-\$0.0120	-\$0.0769
Oct-22	\$1.9827	-\$0.0116	-\$0.0755
Nov-22	\$1.9837	-\$0.0113	-\$0.0745
Dec-22	\$1.9833	-\$0.0111	-\$0.0737
Jan-23	\$1.9834	-\$0.0106	-\$0.0723

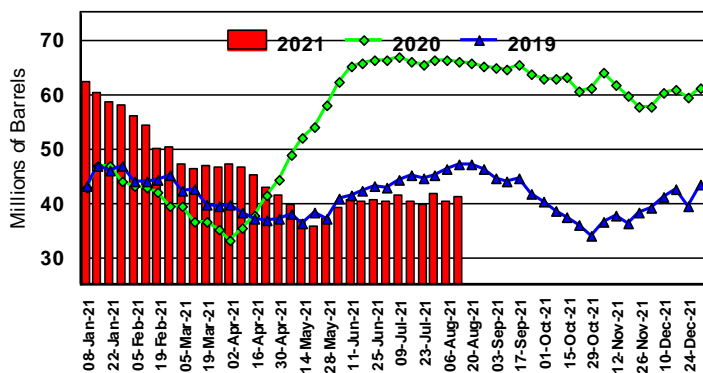
Sprague HeatCurve October 2021-April 2022		\$2.0166	
		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$3.02	\$65.2100	-\$1.1300
Crude - Brent		\$68.2300	-\$0.8000
Natural Gas		\$3.8520	\$0.0150
Gasoline		\$2.1477	-\$0.0179

Total U.S. Oil Stocks
Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending August 13, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 3.233 million barrels

Cushing, OK Crude Stocks Down 980,000 barrels

Gasoline Stocks Up 696,000 barrels

Distillate Stocks Down 2.697 million barrels

Refinery % Operated 92.2%, Up 0.4%

PADD #1

	Week Ending Aug 13, 2021	Week Ending Aug 6, 2021	Week Ending Aug 14, 2020
Distillate Stocks (in million bbls)	6.8	6.2	12.3
New England	20.3	20.5	39.0
Central Atlantic	41.2	40.4	65.7
Total PADD #1			
Distillate Imports (thousands b/d)	120	162	45