

Market Commentary

Recap: Oil prices eased on Tuesday as the spread of the COVID-19 Delta variant increased fear that global demand would be significantly impacted, despite tightening supplies and rising vaccine rates. Volatility in the oil markets was muted, with prices falling into a sideways trading pattern. Oil futures have erased the sharp drop seen on July 19 following the OPEC+ agreement to raise production by 400,000 barrels a day each month beginning in August until 5.8 million barrels in existing output curbs are eliminated. It is unlikely that the drop had much to do with the OPEC+ decision, and is more likely to be tied to the spread of the coronavirus caused by the Delta variant, which could lead to renewed lockdowns that would greatly impact demand. September WTI fell 4 cents, or 0.4%, to settle at \$71.65 a barrel, while Brent for September delivery lost 2 cents, or 0.03%, to settle at \$74.48 a barrel. The more actively traded October contract lost 18 cents, or 0.2%, to settle at \$73.52 a barrel. RBOB futures were flat on Tuesday near their highest since October 2014 after gaining over 9% over the prior five days. That boosted the 3-2-1 and RBOB crack spreads - a measure of refining profit margins - to their highest since May in intraday trade. August RBOB added nearly 0.1%, settling at \$2.31 per gallon, while August heating oil fell 0.3% to \$2.14 a gallon.

Market Outlook: Those traders who believe that demand growth will be hindered by the rise in the number of coronavirus cases have been battling it out with those traders who believe tight supplies will prop up prices. This has led to a market vying for direction. WTI remains stuck between \$71.10 and \$72.58 the 50% and 62% retracements provided by the July 6 high of \$76.98 and the July 20 low of \$65.21, while moving oscillators are indicating sideways trading. A break above the \$72.48 level could see this market push toward \$75, a heavily loaded area. To the downside, support is seen at the 50-day moving average, which is currently set at \$70.69. A break below this area should push WTI down toward \$70, where it will most likely encounter quite a bit of noise.

Fundamental News: U.S. exports of diesel to Europe and the Mediterranean are set to reach 398,000 tons in July, broadly in line with the previous months.

Northwest European gasoline exports to the United States were pegged at 111,000 tons this week, a significant fall of more than 70% in departure volumes on a week-on-week basis. July loadings are expected to close at just over 885,000 tons, compared with June's 1.45 million tons.

Nearly 140 Democratic U.S lawmakers on Tuesday urged the U.S. Environmental Protection Agency to quickly reinstate California's right to set regulations for vehicle emissions, which was taken away by the Trump administration. In April, the EPA said it was moving to give back legal authority to California to set tough vehicle emission rules and zero-emission vehicle mandates. EPA Administrator Michael Regan said in April the 2019 decision to revoke the state's waiver "was legally dubious." The National Highway Traffic Safety Administration and EPA are reviewing Trump's March 2020 rollback of fuel economy standards to require 1.5% annual increases in efficiency through 2026, well below the 5% yearly boosts in Obama administration rules that it discarded.

According to a source at Mexico's Pemex, the company is sending a tanker carrying about 20 million liters of diesel to Cuba, with the cargo set to arrive on Monday in Havana port.

Interior Secretary Deb Haaland told a Senate hearing that a review by the Interior Department of the federal oil and gas leasing program is undergoing final internal review and should be released "very soon". President Joe Biden announced the review shortly after taking office in what was widely viewed as a first step to fulfilling his campaign promise of banning new federal drilling leases to fight climate change and rapidly slashing greenhouse gas emissions over the next decade.

Early Market Call - as of 8:55 AM EDT

WTI - Sep \$72.17, up 52 cents

RBOB - Aug \$2.3221, up 89 points

HO - Aug \$2.1536, up 1.05 cents

All NYMEX | Prior Settlements

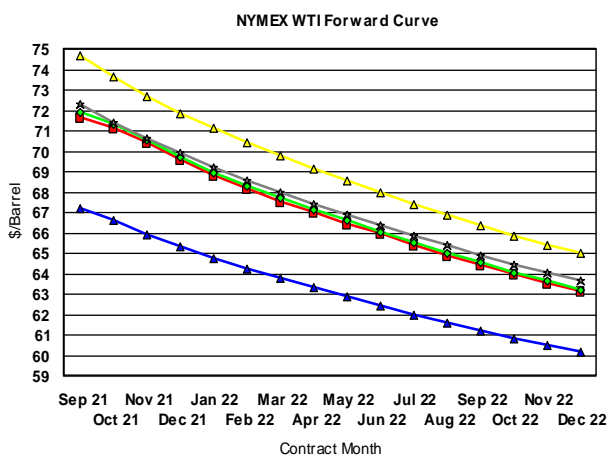
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-21	\$2.1439	-\$0.0071	\$0.1312
Sep-21	\$2.1456	-\$0.0069	\$0.1314
Oct-21	\$2.1454	-\$0.0067	\$0.1321
Nov-21	\$2.1434	-\$0.0059	\$0.1319
Dec-21	\$2.1395	-\$0.0051	\$0.1305
Jan-22	\$2.1342	-\$0.0044	\$0.1285
Feb-22	\$2.1260	-\$0.0036	\$0.1267
Mar-22	\$2.1132	-\$0.0029	\$0.1247
Apr-22	\$2.0954	-\$0.0027	\$0.1217
May-22	\$2.0834	-\$0.0028	\$0.1187
Jun-22	\$2.0759	-\$0.0027	\$0.1165
Jul-22	\$2.0733	-\$0.0025	\$0.1146
Aug-22	\$2.0721	-\$0.0022	\$0.1135
Sep-22	\$2.0708	-\$0.0018	\$0.1122
Oct-22	\$2.0704	-\$0.0015	\$0.1110
Nov-22	\$2.0698	-\$0.0012	\$0.1100
Dec-22	\$2.0678	-\$0.0007	\$0.1091

Sprague HeatCurve October 2021-April 2022			\$2.1288
		Close	Change
Crude - WTI	Sep Brent- WTI Spread	\$71.6500	-\$0.2600
Crude - Brent		\$74.4800	-\$0.0200
Natural Gas	\$2.83	\$3.9710	-\$0.1310
Gasoline		\$2.3141	\$0.0058

API Report for the Week Ending July 23, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 4.7 million barrels	Down 2.9 million bbls
Cushing, OK Crude Stocks	Down 100,000 barrels	
Gasoline Stocks	Down 6.2 million barrels	Down 900,000 barrels
Distillate Stocks	Down 1.9 million barrels	Down 400,000 barrels
Refinery Runs		Up 0.4%

WTI Forward Curve



WTI Continuation

