

Market Commentary

Recap: Oil futures gained traction after losing footing on Friday, finding support on positive results from a COVID-19 vaccine trial, which offset the pandemic's risk to an economic recovery and energy demand. Investors are also looking to the EU summit for trading cues, with leaders showing the first signs of compromise over carving up a proposed 750 billion euro (\$858.3 billion) recovery fund to revive economies. WTI for August delivery rose 22 cents, or 0.5%, to settle at \$40.81 a barrel after tapping a low of \$39.83. The August contract expires at the end of Tuesday's trading session. September Brent added 14 cents, or 0.3%, at \$43.28 a barrel. August RBOB edged up by 0.3% to \$1.2285 a gallon and August heating oil settled at \$1.2355 a gallon, up nearly 1.4%.

Technical Analysis: Despite having received a boost from the news of a COVID-19 vaccine, oil prices remain within the sideways trading pattern and have been relatively quiet, while staying close to the \$40 area. Given this fact and typical technical reactions, it appears that crude oil prices are getting ready for a strong move. With hopes of an improvement in demand, we believe bulls will be in control. Support is set at \$39.41, \$37.68, the 50-day moving average and below that at \$37.08 and \$35. Resistance is set at \$41.63 and \$44.36.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Friday, July 17th increased by 816,443 barrels and by 23,507 barrels from Tuesday, July 14th to 52,190,969 barrels.

Saudi Arabia and Iraq signed investment agreements on energy and sports. An Iraqi delegation, led by Finance Minister Ali Allawi, arrived in Saudi Arabia on Sunday for an official visit. Iraq's Prime Minister, Mustafa al-Kadhimi, was due to arrive on Monday but his trip was canceled after Saudi Arabia's King Salman was admitted to hospital for medical checks. The king has been admitted for inflammation of the gallbladder.

Chevron Corp. is close to a deal to buy Noble Energy Inc. for about \$5 billion, in what would be the largest deal since the coronavirus pandemic impacted the oil industry. Noble's assets would expand Chevron's shale presence in the DJ Basin of Colorado and the Permian Basin across West Texas and New Mexico. It would add about 18% to Chevron's proved reserves of 2.05 billion barrels of oil and gas, while Chevron reported 11.4 billion barrels.

IIR Energy reported that U.S. oil refiners are expected to shut in about 3.7 million bpd of capacity in the week ending July 24th, increasing available refining capacity by 414,000 bpd from the previous week. Offline capacity is expected to hold steady at 3.7 million bpd in the week ending July 31st.

The National Hurricane Center reported that disorganized showers and thunderstorms over Cuba, the central and northwestern Bahamas and the adjacent Atlantic waters are associated with a tropical wave. The system is expected to move west-northwestward through the Straits of Florida on Monday, over the southeastern Gulf of Mexico by Tuesday across the central Gulf on Wednesday and reach the northwestern Gulf of Mexico on Thursday and Friday. It reported that environmental conditions could become a little more conducive for development of this system once it reaches the Gulf of Mexico.

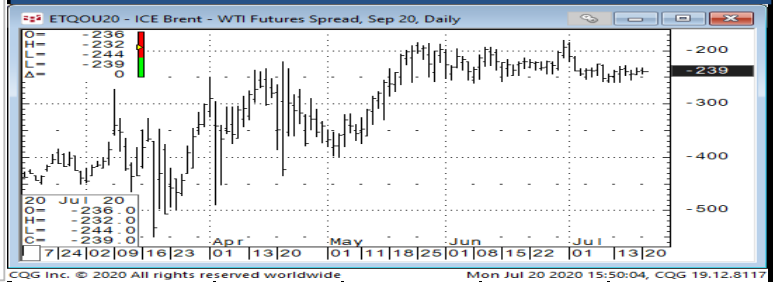
Early Market Call - as of 8:35 AM EDT
WTI - Aug \$41.88, up \$1.07
RBOB - Aug \$1.2715, up 4.3 cents
HO - Aug \$1.2715, up 3.6 cents

All NYMEX | Prior Settlements

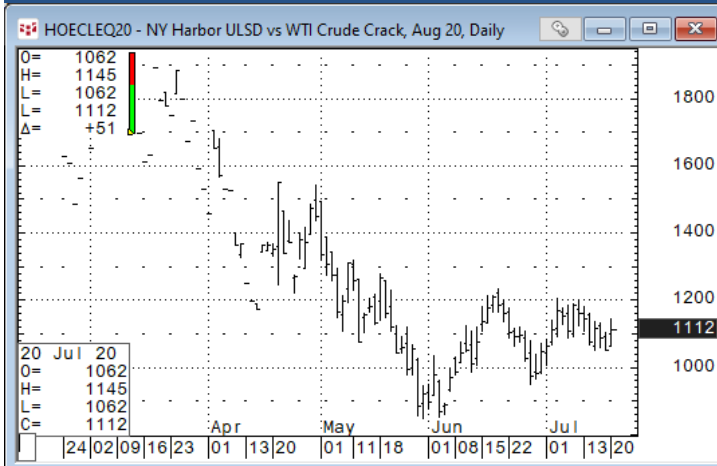
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-20	1.2355	0.0164	-0.012
Sep-20	1.2466	0.0152	-0.0105
Oct-20	1.2604	0.0139	-0.011
Nov-20	1.2754	0.0131	-0.0124
Dec-20	1.2888	0.0125	-0.0137
Jan-21	1.3025	0.0117	-0.014
Feb-21	1.3132	0.0111	-0.0141
Mar-21	1.3184	0.0101	-0.0135
Apr-21	1.319	0.0095	-0.0131
May-21	1.3235	0.0089	-0.0123
Jun-21	1.3297	0.0083	-0.0109
Jul-21	1.3419	0.0075	-0.0101
Aug-21	1.3537	0.0069	-0.0096
Sep-21	1.364	0.0062	-0.009
Oct-21	1.3742	0.0056	-0.0085
Nov-21	1.3843	0.0051	-0.0079
Dec-21	1.3926	0.0043	-0.0072

Sprague Heat Weighted Strip October-April 20/2021		Close	Change
Crude - WTI	Sep Brent-	\$40.9200	\$0.1700
Crude - Brent	WTI Spread	\$43.2800	\$0.1400
Natural Gas	\$2.36	\$1.6410	-\$0.0770
Gasoline		\$1.2285	\$0.0040

ICE September Brent-WTI Spread



August Heating Oil Crack Spread



August RBOB Crack Spread

