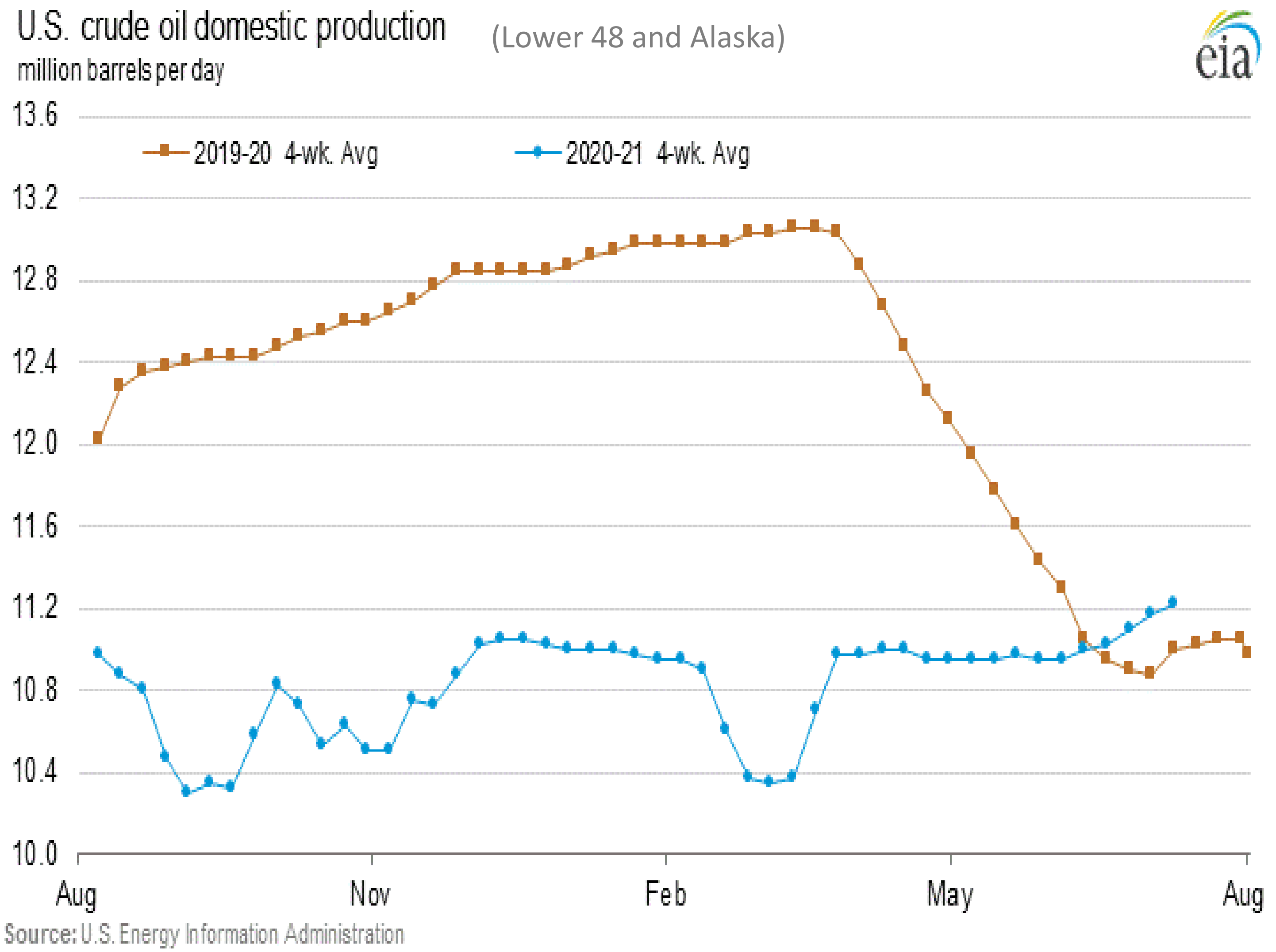
MVPurchasing, LLC

Weekly Update 07/20/2021

Overview

- U.S. crude oil refinery inputs averaged 16.1 million barrels per day during the week ending July 9, 2021 which was 22,000 barrels per day less than the previous week's average. Refineries operated at 91.8% of their operable capacity last week.
- U.S. crude oil imports averaged 6.2 million barrels per day last week, up by 347,000 barrels per day from the previous week. Over the past four weeks, crude oil imports averaged about 6.4 million barrels per day, 0.1% less than the same four-week period last year.
- U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) decreased by 7.9 million barrels from the previous week. At 437.6 million barrels, U.S. crude oil inventories are about 8% below the five year average for this time of year.
- The West Texas Intermediate crude oil price is $71.81 per barrel on July 16, 2021, $2.29 down from last week's price and $31.06 up from a year ago.



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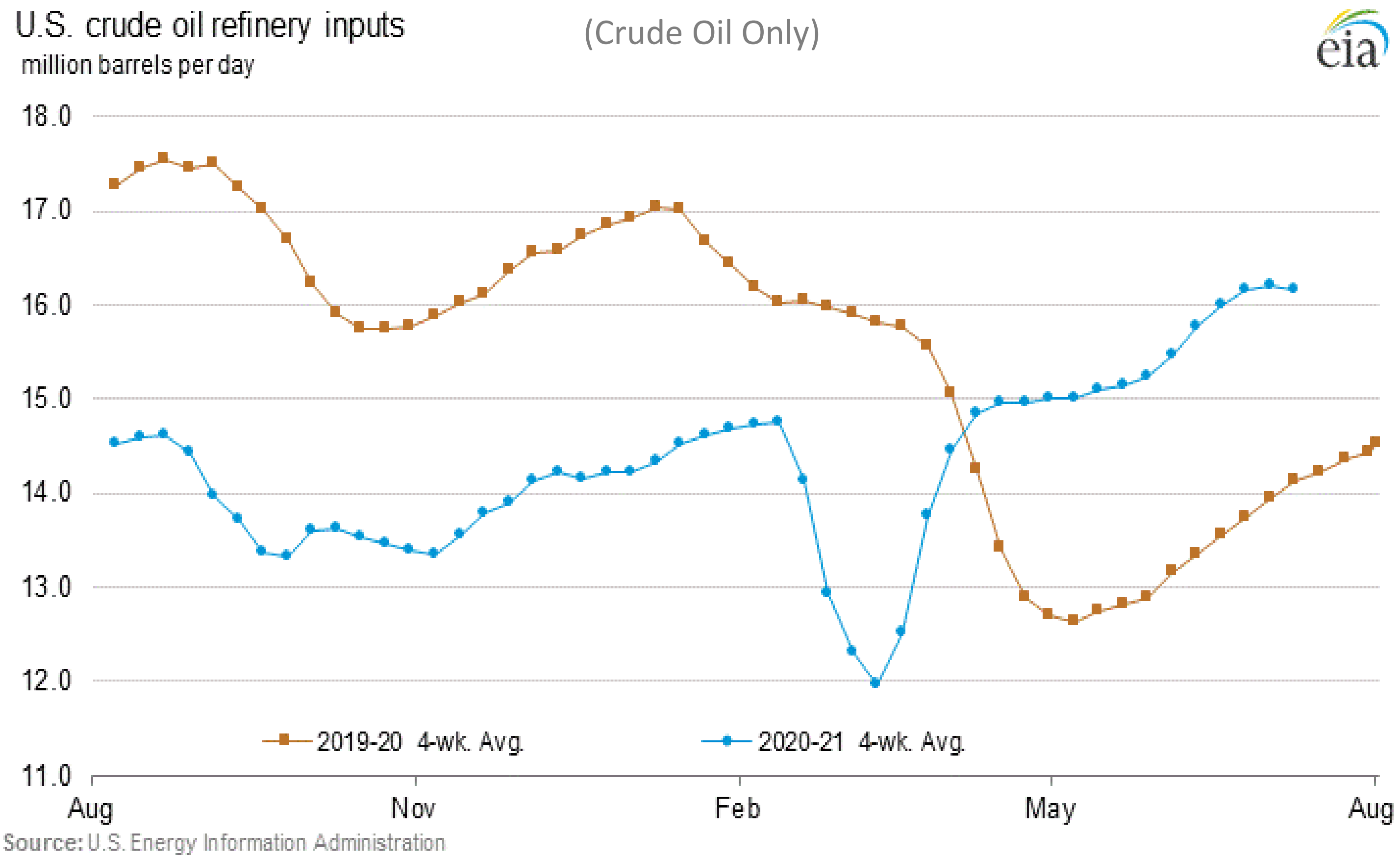

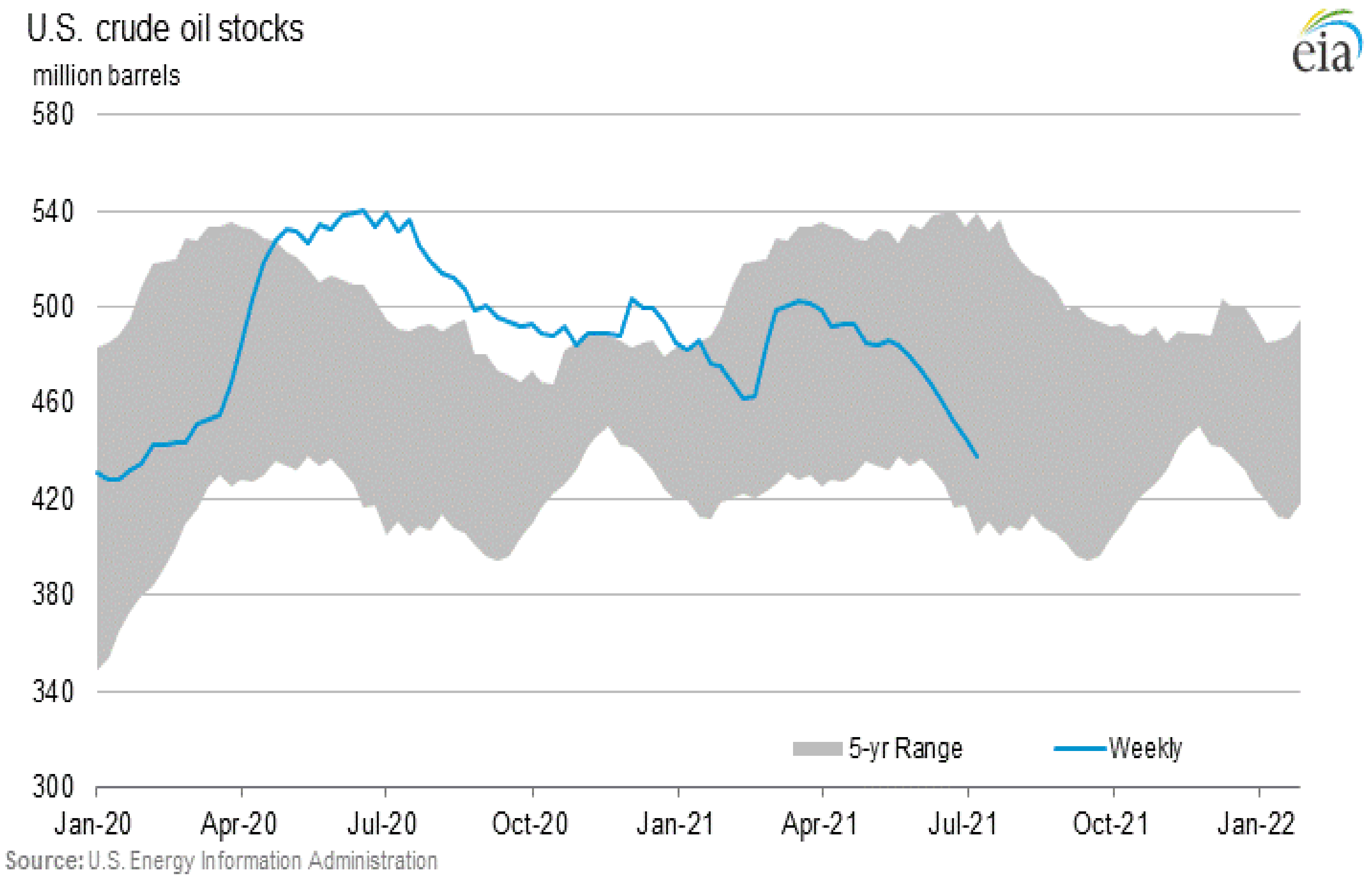

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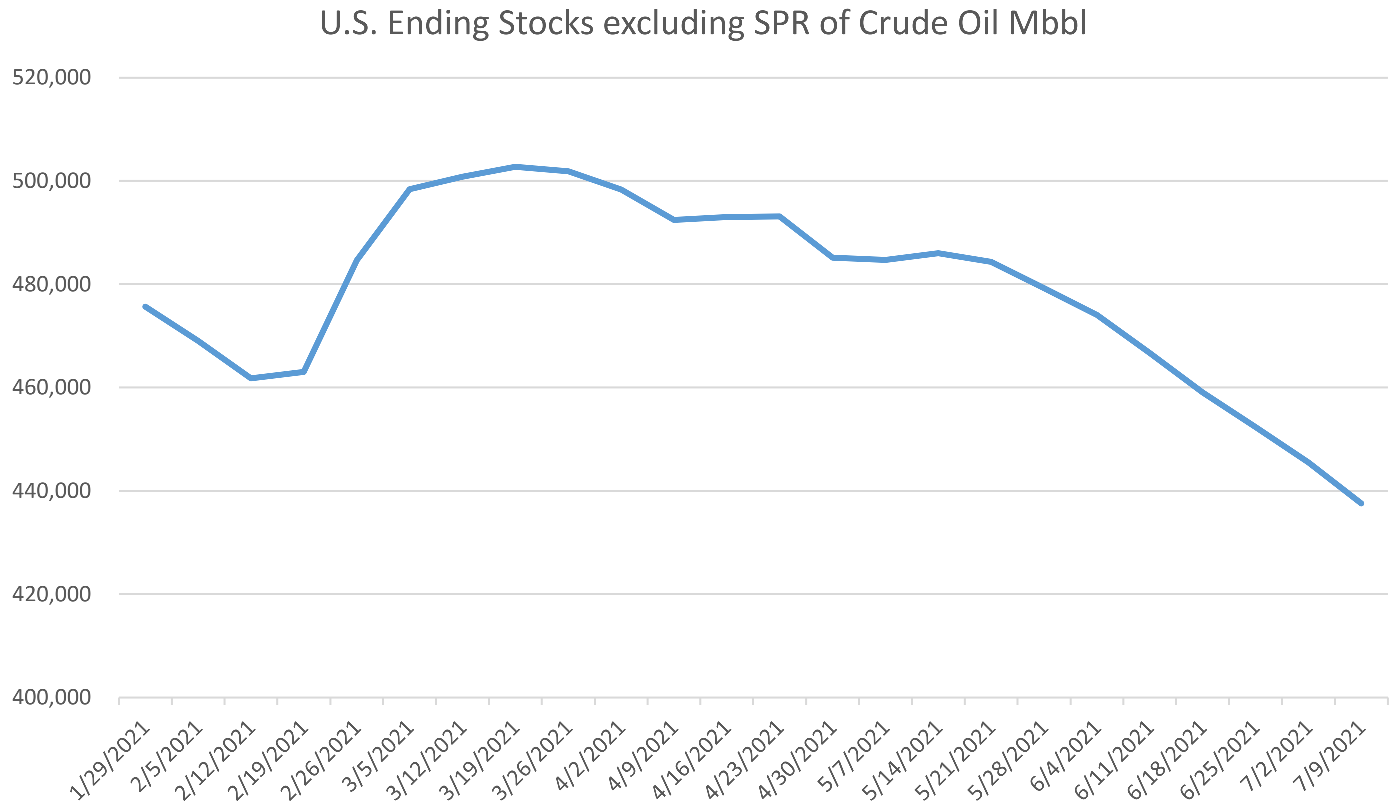
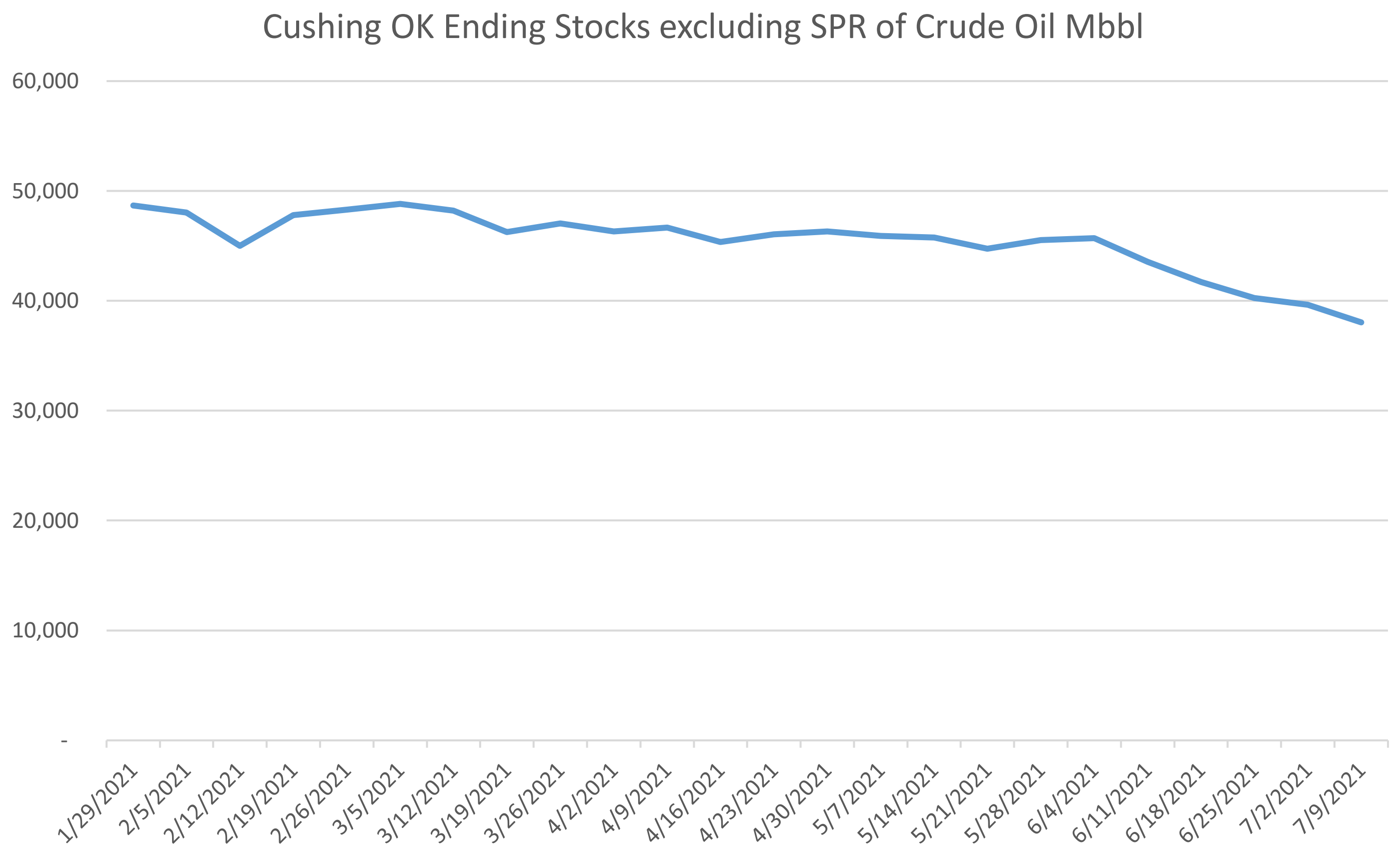
Storage





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Pricing

MTD Average as of 07/19/2021

Posting	07/19/2021	MTD AVG	June 2021 Mnthly AVG
NCRA Kansas Common	$56.75	$63.63	$61.66
CVR Kansas Common	$56.75	$63.63	$61.66
Plains Central	$56.50	$63.45	$61.49
Plains Northwest Kansas	$54.40	$61.35	$59.39
Plains Oklahoma Sweet	$62.90	$69.85	$67.89
Plains Colorado Southeastern	$53.40	$60.35	$58.39
Valero WTI	$63.00	$69.88	$67.90
Phillips 66 WTI	$63.04	$69.99	$68.03
Phillips 66 Oklahoma Sweet	$62.84	$69.79	$67.83
NYMEX CL (trade days only)	$66.42	$72.99	$71.35
NYMEX HO	$1.99	$2.14	$2.12
NYMEX RB	$2.11	$2.27	$2.21
NYMEX NG	$3.78	$3.68	$3.27

MTD Average	**Calculated CMA Diff**	**Calculated P+**
May-21	$0.04	$3.42
Jun-21	$0.15	$3.53
Jul-21	$0.51	$3.89

Spot on 07/19/2021	**CMA Diff**	**P+**
Aug-21	$0.42	$3.80

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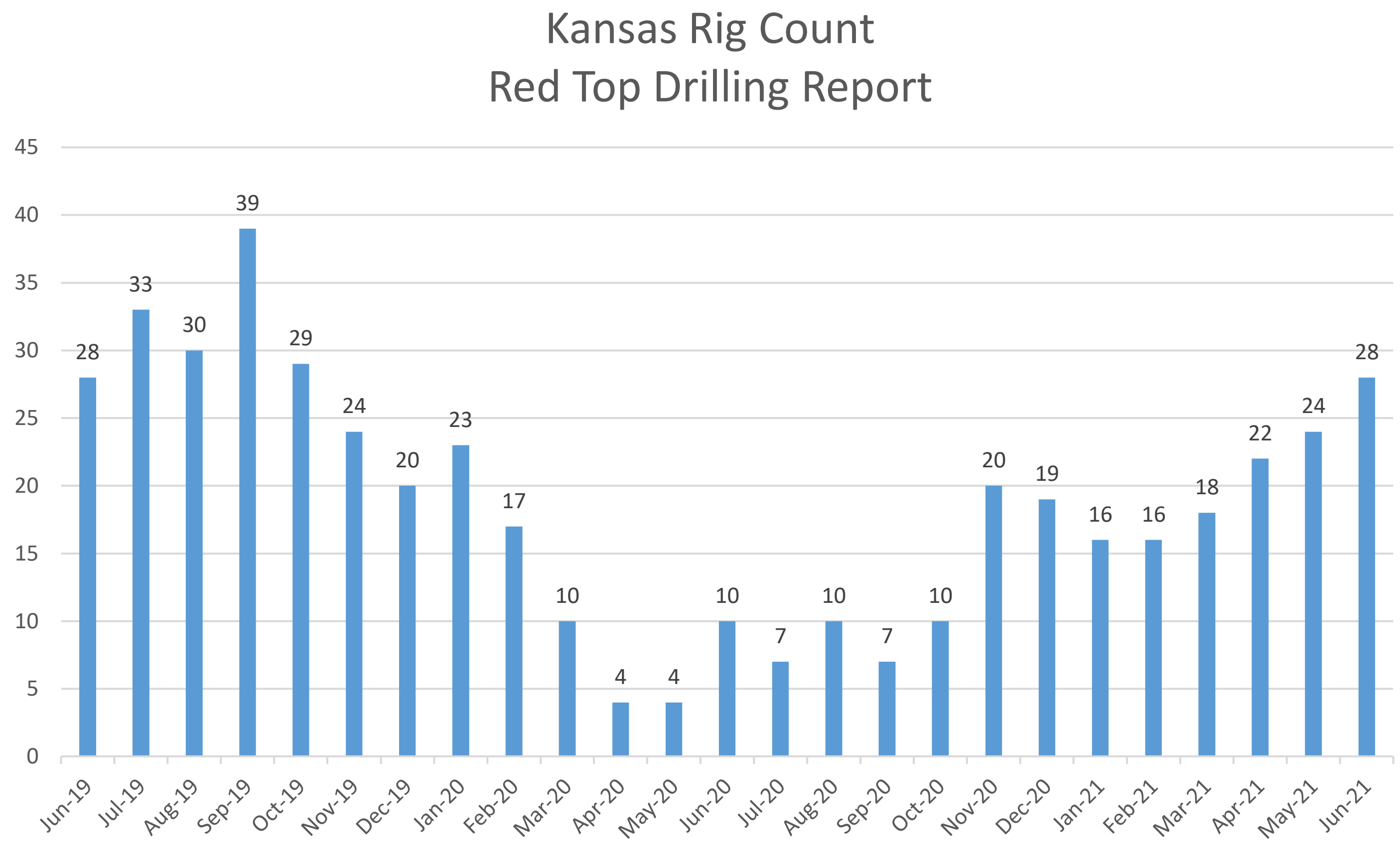

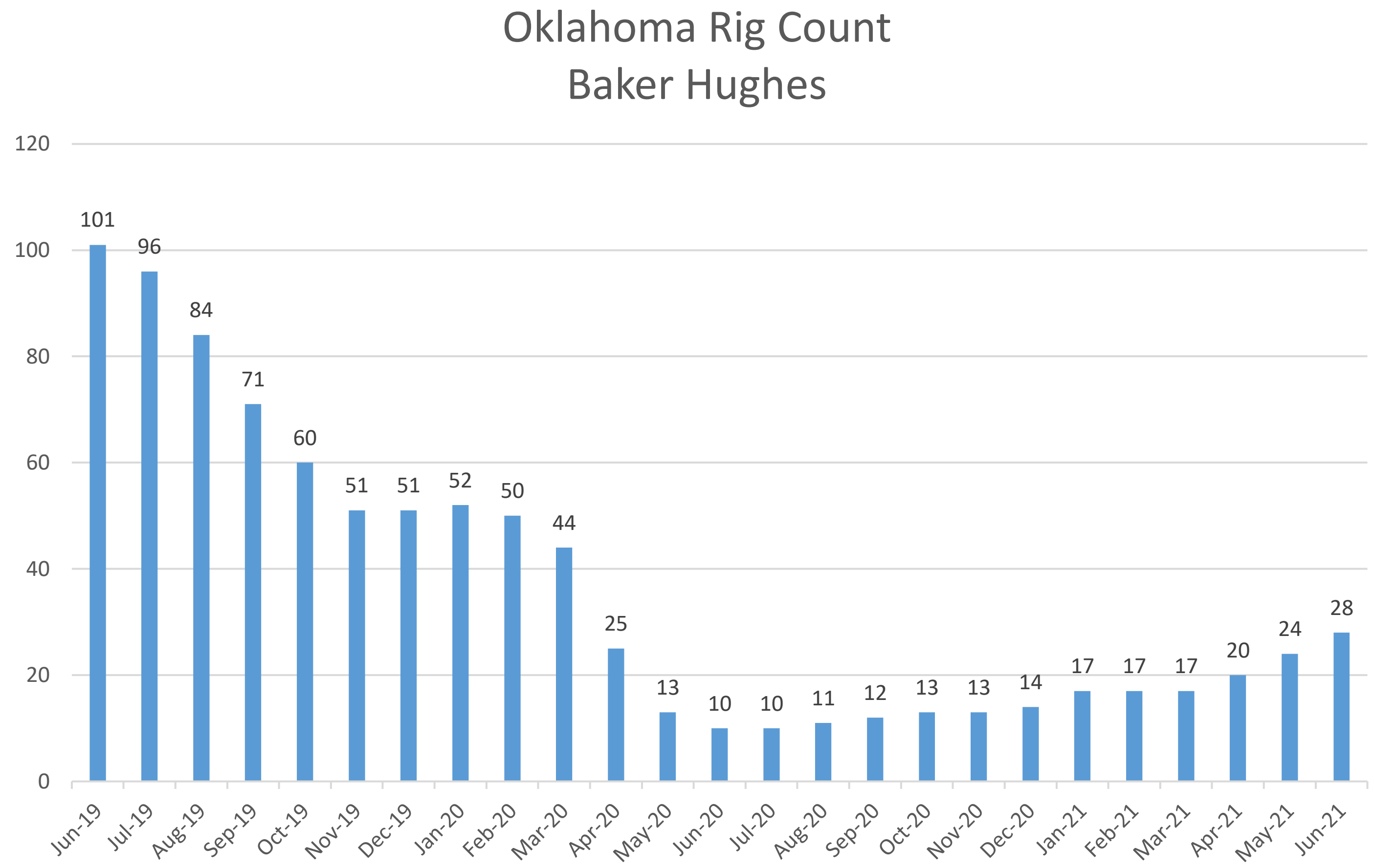

Weekly Update 07/20/2021

Market News

Oil drops under $70; U.S. prices post biggest one-day loss since September on COVID spread, OPEC+ deal
Last Updated: July 19, 2021 at 3:12 p.m. ET
First Published: July 19, 2021 at 7:58 a.m. ET
By Myra P. Saefong and Barbara Kollmeyer

Crude-oil futures fell sharply Monday to end below $70 a barrel, with U.S. prices posting their biggest daily percentage loss since September.

Concerns over the spread of the COVID delta variant continue to cloud the demand outlook after OPEC+ reached a deal to boost oil production.

“The rise in the delta variant has not only hindered OPEC’s ability to increase production without pulling down prices, but also has much broader implications for the macro trade that is not supportive of oil prices,” Troy Vincent, market analyst at DTN, told MarketWatch.

He expects a strengthening U.S. dollar, weakening Chinese and global economic growth, rising production from the Organization of the Petroleum Exporting Countries and their allies, together known as OPEC+, and resilient non-OPEC production to “keep a lid on crude prices in the second half of the year.”

“Global refinery runs simply cannot return to pre-COVID levels until developing nations see vaccination rates rise significantly and international travel returns to normal levels, and with the fall-winter seasonal virus period approaching for the Northern Hemisphere that isn’t going to happen anytime soon,” said Vincent.

Still, the market may see “a short-term bounce in prices after the sharp selloff,” he said.

West Texas Intermediate crude for August delivery **CL00, 1.15%** **CLQ21, +1.25%** dropped $5.39, or 7.5%, to settle at $66.42 a barrel on the New York Mercantile Exchange. The August contract expires at Tuesday’s settlement.

The U.S. benchmark last week ended down 3.7%, the biggest weekly fall for a front-month contract since the week ended March 26, according to Dow Jones Market Data.

September Brent crude **BRN00, 1.08%** **BRNU21, 1.08%**, the global benchmark, tumbled $4.97, or nearly 6.8%, to $68.62 a barrel.

Front-month WTI suffered its largest single-session percentage decline since Sept. 8, and lowest settlement since late May 28, according to Dow Jones Market Data. Brent crude’s percentage loss on Monday was the biggest since March and it logged its lowest finish since May 24.

The oil cartel and its allies announced Sunday that production levels will be boosted by 400,000 barrels a day each month starting in August, and eventually unravel curbs put in place last year in response to the COVID-19 pandemic. An agreement had been held up by a weekslong standoff between Saudi Arabia and the United Arab Emirates over how much the latter would be allowed to pump.

One sticking point from the U.A.E. was its insistence that the baseline used to determine its output level be raised. OPEC+ on Sunday agreed to lift baselines for the U.A.E. and several other countries in May 2022.

“The agreement, which was reached during an OPEC+ videoconference at the weekend, is actually better for the oil market than the unclear situation of the past two weeks because it restores customer confidence,” said Eugen Weinberg, head of commodity research at Commerzbank, in a note to clients.

(Continued)

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Market News

The monthly increases will add a cumulative 2 million barrels a day of production by the end of the year, though investors must also consider the higher baselines given to the U.A.E., Iraq, Kuwait, Saudi Arabia and Russia, he said. “In total, the basis is to be raised by over 1.6 million barrels per day, meaning that more OPEC+ crude oil will be available in the longer term,” said Weinberg.

“This could weigh on oil prices next year as it is unclear whether the market will need this additional oil,” he added, but expects disciplined compliance with the plan will keep prices stable in the next few months.

Goldman Sachs strategists said they don’t think the OPEC+ deal is bearish for prices, “with supply increasingly becoming the source of the bullish impulse and evidence of non-OPEC supply shortfalls likely in the coming months (including shale discipline in the coming earnings season).”

A team led by Damien Courvalin said oil prices will likely gyrate in coming weeks amid concerns over the delta variant of COVID-19 and “the slower velocity of supply developments relative to recent mobility gains.” Concerns over rising cases due to the delta variant were weighing on stock markets to start the week.

“With most of our expected summer demand gains already achieved and with headwinds growing from the delta COVID variant, we believe that the catalyst for the next leg higher in prices is shifting from the demand to the supply side, with upside risks to our price forecasts in the coming months as a result,” said the Goldman strategists.

The energy sector overall ended largely under pressure, with August gasoline **RBQ21, 0.52%** down almost 6.4% to $2.11 a gallon, for the lowest settlement since May 21. August heating oil **HOQ21, 1.09%** lost 6.1% to nearly $1.99 a gallon, the lowest finish since May 20.

Bucking the trend, August natural gas **NGQ21, 1.83%** rose 2.9% to nearly $3.78 per million British thermal units, climbing to the highest finish since Dec. 21, 2018.

Source: https://www.marketwatch.com/story/oil-prices-tumble-under-70-a-barrel-after-opec-reaches-production-deal-11626695936