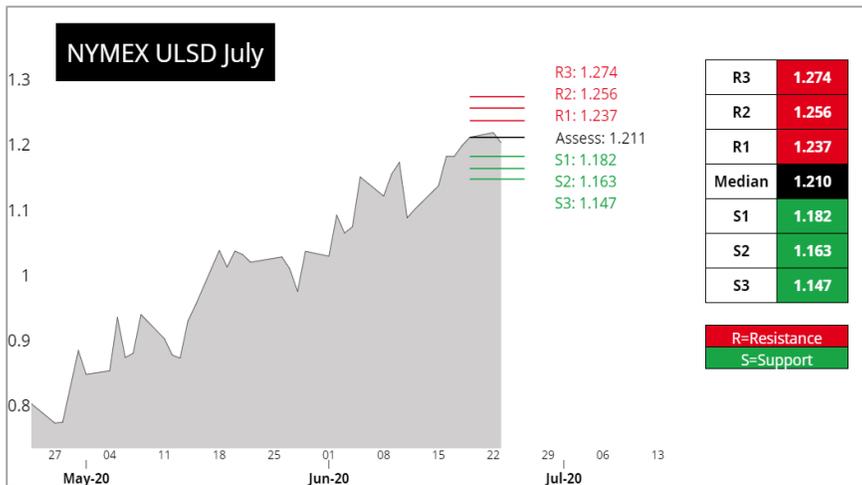




Market Recap



Contract	Month	High	Low	Close ¹	Change ²
NYMEX ULSD	Jul-20	1.2425	1.1982	1.20300	1.76%
NYMEX ULSD	Aug-20	1.2534	1.2104	1.21550	1.40%
NYMEX ULSD	Sep-20	1.2713	1.2308	1.23630	1.62%
NYH HO ³	Spot			115.51	2.73%

¹ As of June 23 | ² 5-Day Change | ³ Source Refinitiv Eikon HO-NYH |

CSR Talking Points

Although both gasoline demand and the stock market are up, diesel fuel demand – a stronger indicator for the overall economy – is still down.

Nevertheless, weekly distillate stocks are holding well above the five-year average at 174.7 MMbs.

Furthermore, year-over-year distillate supply has increased over the last four weeks from a 44.9 MMb surplus to a 49.3 MMb surplus.

CSRs should **proactively call customers to promote prepay and cap price programs. Explain to customers that this window of opportunity is likely to close in the coming months.**

Actions to Take

In typical fashion, as we approach the winter season, prices are expected to continue to rise, however, the market closed yesterday on a slight dip.

Any retracement to our support levels presents an opportunity to hedge against upside exposure.

[Contact us](#) to learn how to design prepay/cap price programs and/or improve your hedging strategies.

Balancing Both Sides

Quantitative Bias Weekly

Bullish



The overall bullish streak has found a new two-month top. As far as this week goes for July ULSD, a drop below \$1.182 would alert to weakness towards our \$1.163 second support band. Below here, we would look for prices to stay around our \$1.147 third level of support. If the market continues its bullish trend, strength above \$1.237 will open the door to our \$1.256 second level of resistance. Through here, we will look for resistance to hold at \$1.274.

Fundamental Bias Weekly

Bearish



Per the latest update from the EIA, PADD 1 distillates rose for the twelfth straight report, increasing last week by 729 Mbs and doubling since the end of March to 66.4 MMbs (82.5% of working storage capacity). Over the last four weeks, year-over-year distillate stocks have risen from a 21.4 MMb (52%) balance to a current 23.3 MMb (54%) surplus. Inventories in the direct NYMEX market area (PADD 1B) also rose to 38.4 MMbs (up 253 Mbs) and the year-over-year surplus increased to 14.6 MMbs (61.5%).

Overall Market Bias

Neutral



Demand destruction is the market's main concern. As the temperature rises, demand for heating oil is in a seasonal lull.

The technicals have continued to move the market higher since the start of May, but high inventory levels have played a part in hindering some momentum. Distillate fuel inventories are about 28% above the five-year average, up 249 Mbs from last week.

Demand usually hits yearly highs at the end of the summer. **We advise layering in positions to make sure that you are well-positioned as prices begin to increase.**

[Click here for more info](#)