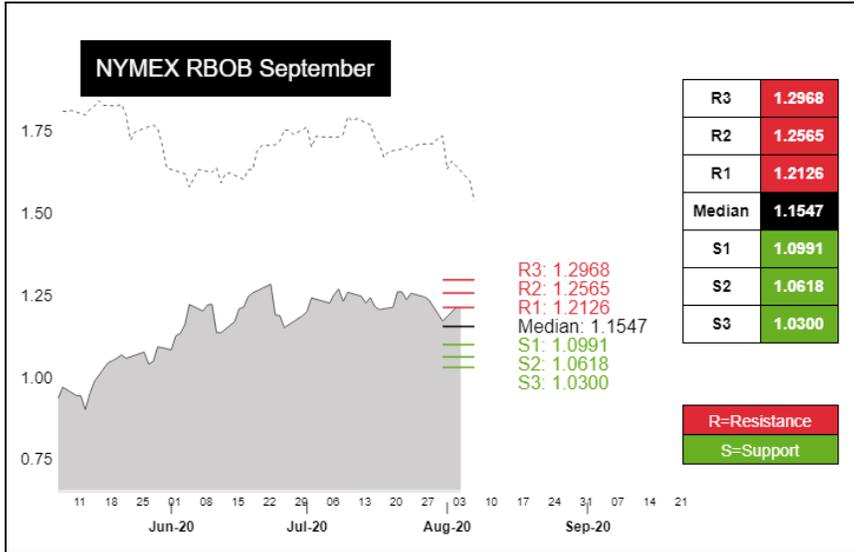




Market Recap



Contract	Month	High	Low	Close ¹	Change ²
NYMEX RBOB	Sep-20	1.2311	1.1887	1.2143	-1.69%
NYMEX RBOB	Oct-20	1.1589	1.1176	1.1443	-0.75%
NYMEX RBOB	Nov-20	1.1447	1.1050	1.1317	-0.33%
NYH RBOB ³	Spot			1.1788	-3.90%

¹ As of August 04 | ² 5-Day Change | ³ Source Refinitiv Eikon RU-NYH |

Talking Points

Demand for gasoline fell last week by 192 Mb/d to 8.6 MMB/d. Consumption has held relatively steady around 8.6 MMB/d over the last six weeks, a new level up from averaging 6.6 MMB/d the twelve weeks prior. This week's activity widened the year-on-year demand deficit from 7.8% to 10.7%.

Retail gasoline prices remained virtually unchanged at \$2.176, remaining below the four-week average. Year-over-year prices are down 19.9%, a true testament to the deleterious impact of COVID-19 travel restrictions.

Actions to Take

Since the last report, the market took a long slide down towards our median only to rebound and find resistance at our R1 band. Despite the rally, this contract is still priced below last week's close. Yesterday RBOB traded flat and has yet to signal a concrete direction.

This market has demonstrated downward momentum every few weeks. **We advise buyers to look for these opportunities to layer in positions to protect against upside exposure.**

[Contact us](#) to learn how to use the SVB price range forecasting model to improve your hedging strategies

Balancing Both Sides

Quantitative Bias Weekly

Neutral ↔

September RBOB fell since last week's report but has since recovered to our \$1.2126 R1 band. Continued strength will push towards our \$1.2565 second level of resistance. This market has also seen sharp selloffs; another drop will signal weakness towards our \$1.0991 first support band. The market traded flat yesterday.

Fundamental Bias Weekly

Bearish ↘

Per the latest update from the EIA, PADD 1 gasoline stocks (inclusive of the NYMEX market area around New York Harbor) rose by 499 Mbs to 68.5 MMbs (70.2% of working capacity). Year-over-year, inventories are at a 7.5 MMbs surplus (12.2%). Additionally, PADD 3 gasoline stocks (Gulf Coast) increased this past week by 851 Mbs to 91.9 MMbs. PADD 3 inventories remain high, as they are above the 89.3 MMB/d average over the past two quarters.

Overall Market Bias

Bearish ↘

Per the EIA, gasoline production increased last week to 9.3 MMB/d. Over the four weeks ending July 31st, motor gasoline demand has averaged 8.7 MMB/d, not changing much from our report last week, and down by 9.1% from the prior year.

At this point of the season, supplies typically fall due to a combination of vacation demand and tankage management (i.e., in preparation for next month's rollover from the more expensive summer gasoline to mid-grade winter gasoline).

This year, however, due to COVID-19 demand destruction, inventory levels remain high, affirming our bearish bias.

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