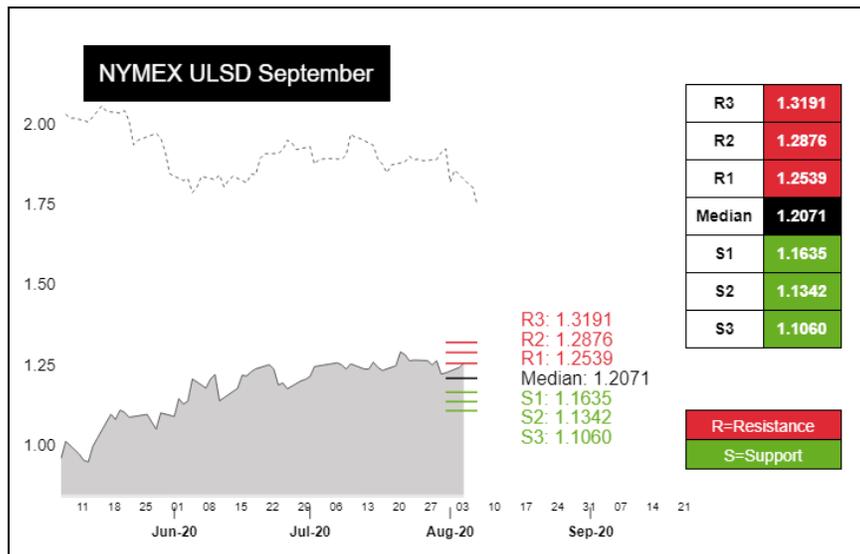




Market Recap



Contract	Month	High	Low	Close ¹	Change ²
NYMEX ULSD	Sep-20	1.2713	1.2223	1.2584	0.72%
NYMEX ULSD	Oct-20	1.2856	1.2375	1.2741	0.78%
NYMEX ULSD	Nov-20	1.3026	1.2570	1.2923	0.87%
NYH HO ³	Spot			1.2037	0.85%

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

CSR Talking Points

This week ended on an uptick and CSRs should explain to customers that as we head into the cooler months, prices are expected to continue to rise. This presents an easy segue to promote the benefits of your price cap programs.

For CSRs looking to sell heating oil in the Northeast region, Washington State and Canada, highlight your company's low carbon fuel standards and "green" initiatives, as these regions are increasing their biodiesel requirements.

Actions to Take

Until this week, the ULSD contract had been mostly flat with minimal downward swings during the third quarter. The drop in price was barely recovered, finding resistance at our first level. As prices have remained neutral week-over-week, a strong directional bias has not been established, with the exception of the bullish start to August. **Retracement to our support levels offers an opportunity to layer in hedge positions.**

[Contact us](#) to learn how to use the SVB price range forecasting model to **design prepay and cap programs and/or improve your hedging strategies.**

Balancing Both Sides

Quantitative Bias Weekly Neutral ↔

Price action for the September ULSD contract yo-yoed this week, as a sharp drop towards our median reverted to a bullish run back up to test our \$1.2539 R1. Continued strength will open the door to our \$1.2876 second level of resistance. However, a reversal alerts to weakness towards our \$1.1635 first support band.

Fundamental Bias Weekly Neutral ↔

Per the latest update from the EIA, PADD 1 remained virtually unchanged, rising by just 10 Mbs to 66.25 MMbs (84% of working storage capacity). On a year-over-year basis, the surplus in distillate fuel stocks narrowed to 20.0 MMbs (43.1%). Inventories in the direct NYMEX market area (PADD 1B) fell for the third straight week to 37.8 MMbs (down 584 Mbs) and the year-over-year surplus tightened to 10.7 MMbs (40%).

Overall Market Bias Neutral ↔

U.S. distillate fuel oil imports fell by 17 Mb/d to 131 Mb/d (-11.5%) this week and are down a massive 48% year-over-year. Furthermore, exports fell by 111 Mb/d to 1.1 MMb/d (-9.07%) to a -22% year-on-year deficit. Both of these drops reduced the trade surplus last week by 8.7% to 982 Mb/d.

The recent narrowing of this supply glut brings levels to just above the 10-year average, but still below the 5-year norm. This may prove to be a concerning metric for GDP.

Demand for heating oil will continue to increase as summer nears our rear view mirror. Look for any downticks to finalize outstanding supply requirements for the winter.

[Click here for more info](#)