

Weekly Energy Monitor



DIVIDEND ASSETS CAPITAL, LLC

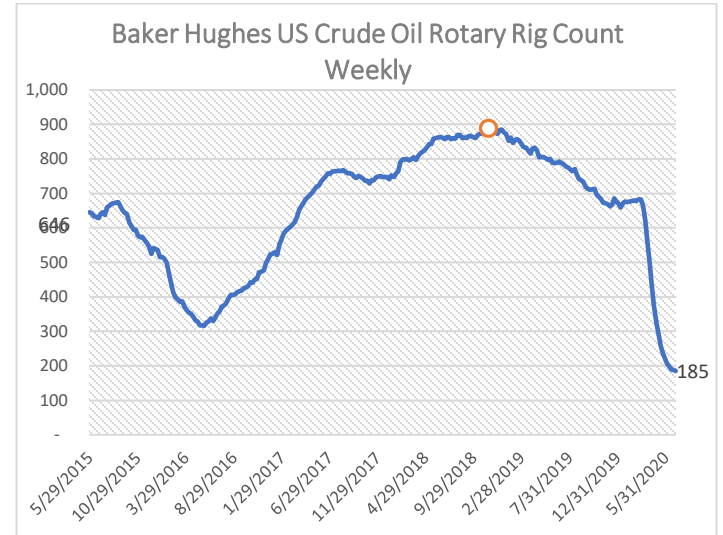
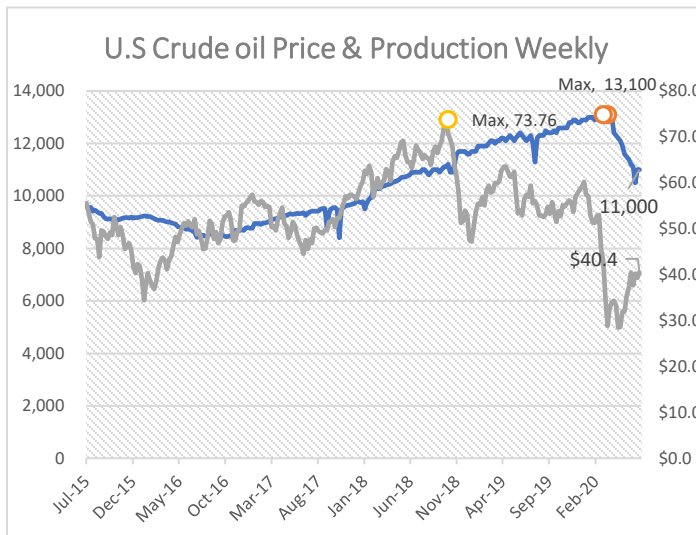
INVESTMENT ADVISORS

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DAC Energy Investor Recap (Data for Week Ended: June 26, 2020)

U.S. Total Crude Oil Production and U.S. Crude Rotary Rig Count

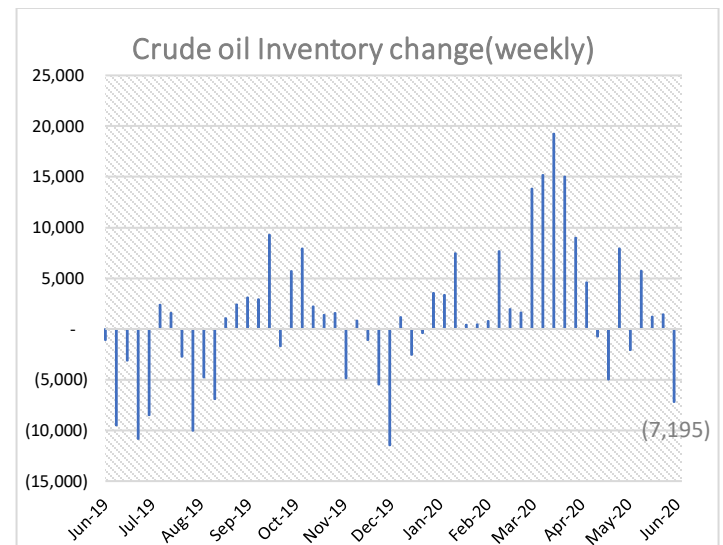
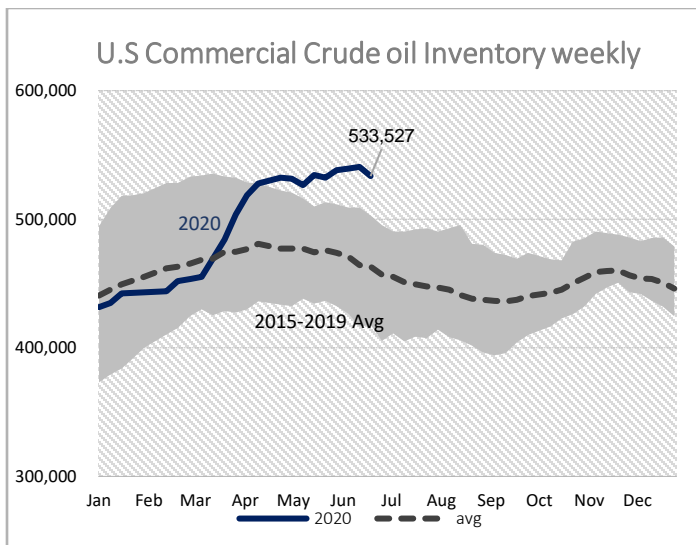
1. As of 7/1/2020, West Texas Intermediate (WTI) oil price was \$40.44 per barrel, 2.9% higher than the previous week at \$39.31 per barrel.
2. Crude oil production was 11.0 million barrels per day (bbl/d), unchanged compared to the previous week. Could the production of 10.5mil bbl/d mark the low of this pullback?
3. The U.S. crude rig count dropped to 185; the 16th weekly decline and less than a ¼ of the average operating rigs in 2019 (774). The historical low is 179 back on 06/05/2009.



Source: DAC, EIA, Bloomberg

U.S. Commercial Crude Oil Inventories (excluding those in the Strategic Petroleum Reserve) and Inventory Changes

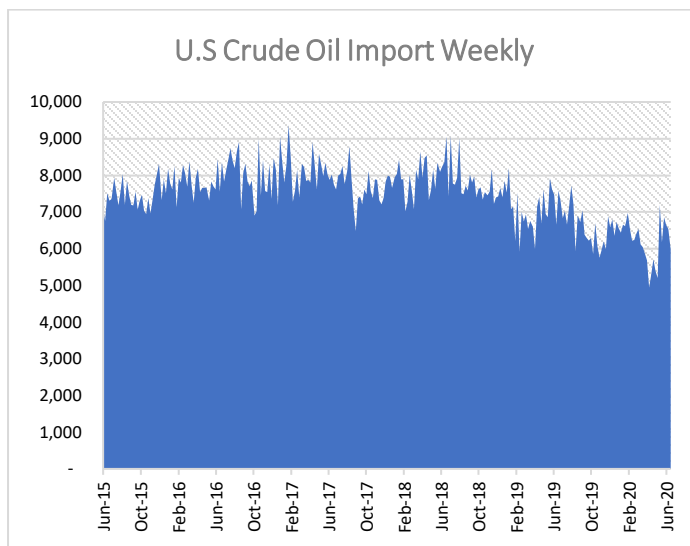
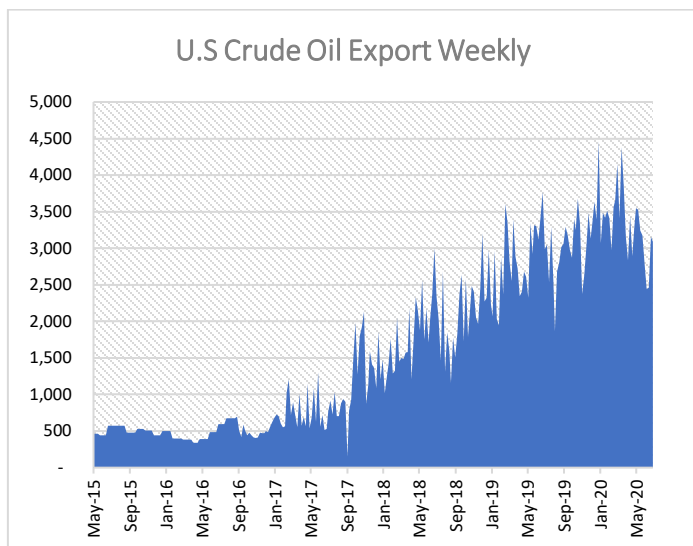
1. U.S. commercial crude oil inventories were 533.5 million barrels. This inventory level is about 15% above the five-year average for this time of year.
2. U.S. commercial crude oil inventories decreased by 7.2 million barrels from the previous week, the biggest retreat since December.



Source: DAC, EIA, Bloomberg

U.S. Imports and Exports

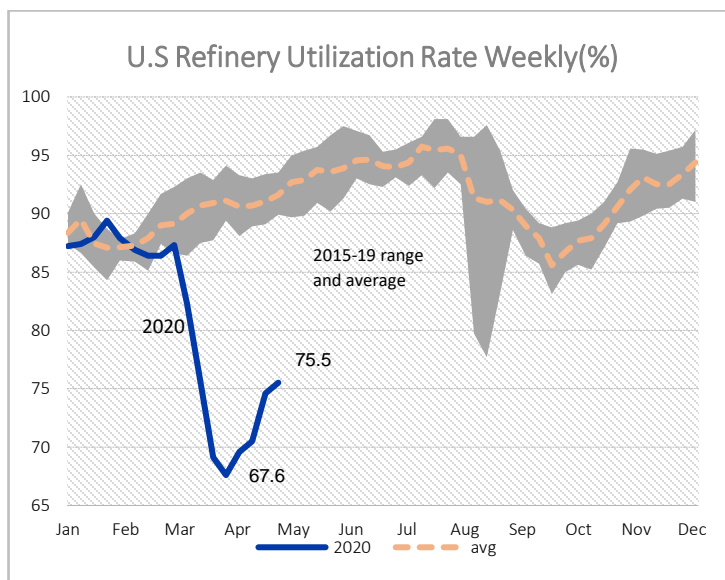
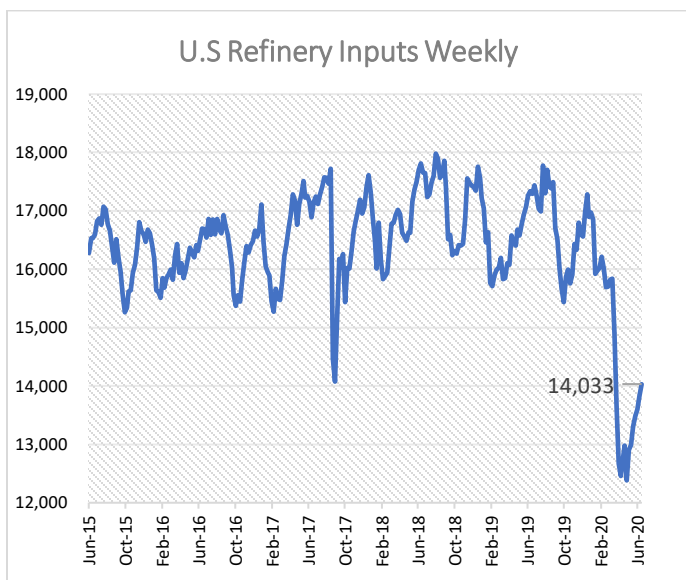
1. The U.S. crude oil exports averaged 3.1 million bbl/d for the week. Over the past four weeks, crude oil exports averaged about 2.8 million bbl/d, 16.2% below the same four-week period last year. U.S. crude exports require about \$1.41 Brent-WTI differential price premium to break even, down from the historical average of \$4.41. Brent-WTI premium moved to \$2.44.
2. The U.S. crude oil imports averaged 6.0 million bbl/d last week, decreasing by 0.6 million from the previous week. Over the past four weeks, crude oil imports averaged about 6.5 million barrels per day, 11.3% less than the same four-week period last year.



Source: DAC, EIA, Bloomberg

U.S. Refinery Inputs and Utilization Rates

1. U.S refinery inputs averaged 14.0 million bbl/d, 193 thousand more than the previous week's average. This is the seventh weekly improvement in a row since the week ended 5/15/2020.
2. Refineries operated at 75.5% of their operable capacity last week, the seventh weekly improvement in a row.

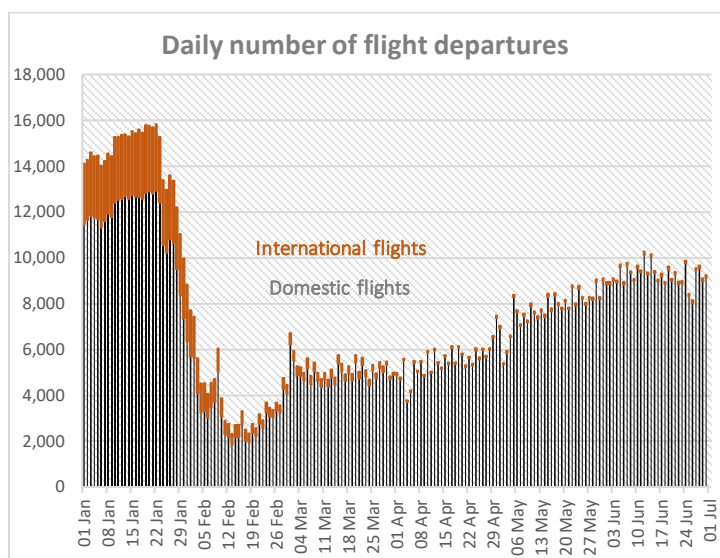


Source: DAC, EIA, Bloomberg

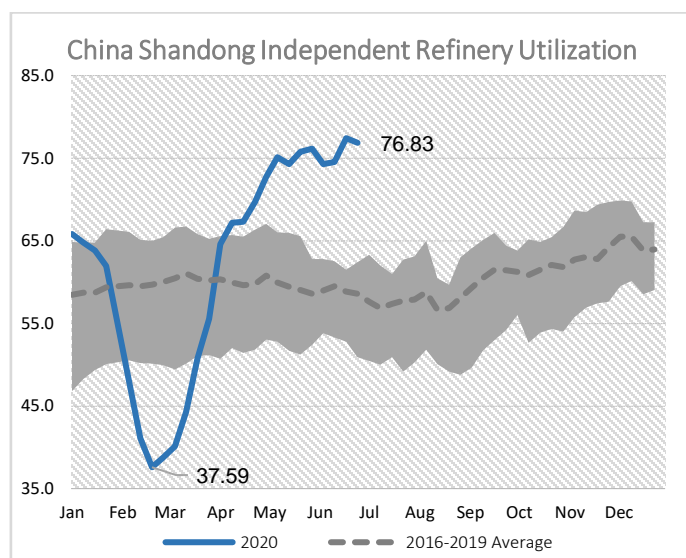
Charts of the Month

Major Country - Mobility Trends Reports – China (a leading indicator of energy demand)

1. Below is a chart of the daily flight departures from major Chinese airports, which we consider a leading indicator of what might follow for other major countries as economies reopen. Domestic flights recovered noticeably, yet international flights might take much longer to come back to “normal.” Can the new outbreak in Beijing hinder the recovery of domestic flights? Let’s give it a couple of weeks to see. (data updated as of 6/30/2020)
2. China Shandong Independent refineries run rates are at a near all-time high at 76.8%. The run rate represents the average utilization rates of 32 independent refineries or teapot refineries in Shangdong Province in China. (data updated as of 6/24/2020)



Source: Bloomberg, FlightStats, Flightradar24



Source: Bloomberg.

Disclosures:

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