

Market Commentary

Recap: The oil market on Tuesday posted an outside trading day as the market weighed the geopolitical developments in the Middle East against supply and demand fundamentals. The market was well supported in overnight trading after Israel rejected the latest ceasefire deal with Hamas and stepped up its attacks in Gaza's southern city of Rafah. The crude market rallied to \$79.02 on the geopolitical tensions. However, the market gave up its gains and traded lower as the market turned its attention to the uncertainties about global economic growth and the impact on demand. The market was also pressured by comments made by Russia's Deputy Prime Minister Alexander Novak, who stated that OPEC has the option of increasing its oil production. The market sold off to a low of \$77.55 by mid-morning. The oil market later bounced off its low and rallied higher in afternoon trading on the news that the U.S. Energy Department was seeking to purchase up to 3.3 million barrels to replenish the SPR. The market rallied to a high of \$79.17 only to give up those gains ahead of the close. The June WTI contract settled down 10 cents at \$78.38 and the July Brent contract settled down 17 cents at \$83.16. The product markets settled in mixed territory, with the heating oil market settling up 42 points at \$2.4656 and the RB market settling down 4.48 cents at \$2.5434.

Technical Analysis: On Wednesday, the crude market will likely trade sideways following Tuesday's indecisive trading. The market will look to the weekly petroleum stock reports for further direction, while its losses remain limited by the geopolitical tension in the Middle East. The market is seen finding support at its low of \$77.55 followed by \$77.39, \$76.98, \$76.67, \$76.07 and \$75.10. Meanwhile, resistance is seen at its high of \$79.17, \$79.63, \$79.90, \$80.20 followed by \$81.57, \$82.39 and \$82.95.

Fundamental News: The EIA, in its Short Term Energy Outlook, cut its 2024 world oil demand growth forecast by 30,000 bpd to 920,000 bpd. However, it increased its oil demand growth estimate for 2025 by 70,000 bpd to 1.42 million bpd. Total world oil demand is forecast to increase to 102.84 million bpd in 2024 and to 104.26 million bpd in 2025. The EIA estimates that world oil output in 2024 will increase by 970,000 bpd, up from a previous forecast of 850,000 bpd, to 102.76 million bpd and output in 2025 is forecast to increase by 1.89 million bpd, down from a previous forecast of 1.96 million bpd, to 104.65 million bpd. U.S. oil output in 2024 is expected to increase by 270,000 bpd to 13.2 million bpd, compared with a previous forecast of a 280,000 bpd increase and output in 2025 is expected to increase by 530,000 bpd to 13.73 million bpd, up from a previous forecast of a 510,000 bpd increase. Meanwhile, U.S. petroleum demand in 2024 is expected to increase by 200,000 bpd to 20.4 million bpd and demand in 2025 is expected to also increase by 200,000 bpd to 20.6 million bpd.

The U.S. Energy Department said it is seeking to purchase up to 3.3 million barrels of oil to replenish the SPR. On Monday, Amos Hochstein, President Joe Biden's energy adviser, said the U.S. has sufficient supply of oil in the Strategic Petroleum Reserve to address any supply concerns and is monitoring markets on how to use it.

Israel's Prime Minister Benjamin Netanyahu said the latest truce proposal from Hamas falls far short of Israel's essential demand, adding military pressure remains necessary to return hostages held in Gaza. Earlier, the Israeli military said it had taken operational control of the Palestinian side of Gaza's southern Rafah Crossing, which borders Egypt and has been pivotal for the delivery of aid and exit of injured people in the Gaza war. Later, Israel's Defense Minister, Yoav Gallant, said Israel will continue its operation in Rafah until Hamas forces in the area are destroyed or the Islamist movement hands over the Israeli hostages it still holds.

Early Market Call - as of 8:30 AM EDT

WTI - June \$77.29, down \$1.09
 RBOB - June \$2.5007, down 4.27
 HO - June \$2.4388, down 2.62 cents

All NYMEX | Prior Settlements

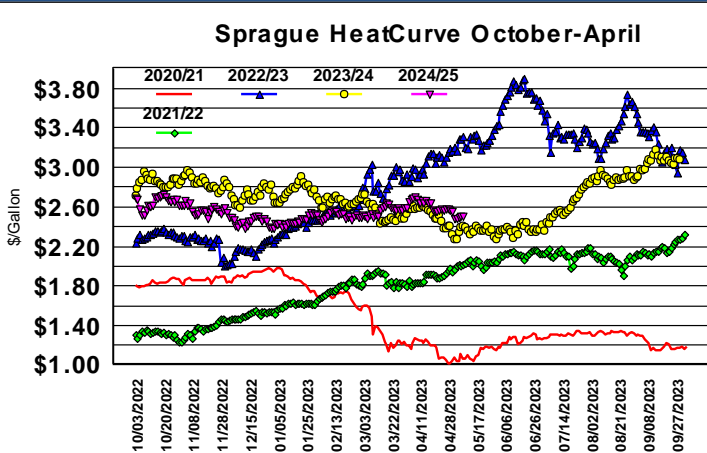
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-24	2.4656	0.0042	-0.0620
Jul-24	2.4790	0.0051	-0.0596
Aug-24	2.4924	0.0053	-0.0553
Sep-24	2.5056	0.0055	-0.0505
Oct-24	2.5144	0.0051	-0.0487
Nov-24	2.5149	0.0046	-0.0478
Dec-24	2.5108	0.0044	-0.0454
Jan-25	2.5113	0.0047	-0.0418
Feb-25	2.5034	0.0038	-0.0397
Mar-25	2.4874	0.0024	-0.0398
Apr-25	2.4667	0.0007	-0.0383
May-25	2.4547	-0.0004	-0.0358
Jun-25	2.4459	-0.0015	-0.0325
Jul-25	2.4411	-0.0023	-0.0295
Aug-25	2.4373	-0.0030	-0.0272
Sep-25	2.4351	-0.0035	-0.0255
Oct-25	2.4324	-0.0039	-0.0240

Sprague HeatCurve October 2024-April 2025			\$2.5028
		Close	Change
Crude - WTI	July Brent- WTI Spread \$5.10	\$78.0600	-\$0.0600
Crude - Brent		\$83.1600	-\$0.1700
Natural Gas		\$2.2070	\$0.1200
Gasoline		\$2.5434	-\$0.0448

API Report for the Week Ending May 3, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 509,000 barrels	Up 300,000 barrels
Gasoline Stocks	Up 1.46 million barrels	Down 800,000 barrels
Distillate Stocks	Up 1.713 million barrels	Down 1.1 million barrels
Refinery Runs		Up 0.4% at 87.9%

Sprague HeatCurve October-April



June WTI



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