

Market Commentary

Recap: Oil futures scored their highest finish in a week, as doubts that an Iranian nuclear deal would surface any time soon. A lack of cooperation by Iran, as well as “skeptical comments about Iranian compliance” by U.S. Secretary of State Anthony Blinken, both “lower the odds that a new agreement is reached and therefore, suggest sanctions are not likely to be lifted in the near to medium term.” Traders were also optimistic that the market will move higher as COVID-19 mandates are eased across the global. July WTI ended at \$66.05 a barrel, up \$2.47, or 3.9%, while July Brent added \$2.02, or 3%, to settle at \$68.46 a barrel. June RBOB added .0492 cents, to settle at \$2.1177 a gallon, while June heating oil settle at \$2.0420 a gallon, up .0538 cents.

Technical Analysis: WTI experienced its largest one day dollar gain since Wednesday, April 14, 2021, up for two consecutive sessions. This two-day rally illustrates support at key technical support levels, as it bounced off the lows from late April. July WTI pushed right back through the 50 and 10-day moving averages, after closing below them on Thursday, another sign of underlying strength. With weaker longs out of the market based upon the expectations for an Iranian nuclear deal, prices should continue to work higher. That being said, we would still look for buyers on dips in this market. Resistance sits at \$66.42 and above that at \$67.98. Support is set at \$64.74 and \$62.51.

Fundamental News: Iran and the U.N. IAEA both stated that they are extending a recently expired monitoring agreement by a month. Iran’s envoy to the U.N.’s International Atomic Energy Agency said Kazem Gharibabadi, Iran has informed IAEA that it has decided to extend a monitoring deal with the agency for a month. On Sunday, Iran said that a three-month monitoring deal between Tehran and the IAEA had expired and that IAEA access to images from inside some Iranian nuclear sites would cease.

Meanwhile, U.S. Secretary of State, Antony Blinken, said the United States has not seen yet whether Iran will do what it needs to do to come into compliance with its nuclear commitments in order to have sanctions lifted.

Goldman Sachs said it expects oil prices to increase to \$80/barrel in the fourth quarter of this year, arguing that the market has underestimated a rebound in demand even with a possible resumption in Iranian supply. Global demand could increase by 4.6 million bpd through year-end, with most of the gains likely in the next 3 months. The bank also expects OPEC and allies including Russia, a grouping known as OPEC+, to offset any increase in Iran production by halting for two months an increase in its output in the second half of 2021. This would help offset the perceived bearish impact in the physical market of the release of Iranian floating storage.

Citi said it continues to expect an early agreement on some aspects of the nuclear agenda between Iran and the U.S. However, this will only cause a partial return of Iranian barrels to the market. It expects strong summer demand, with markets tight enough to warrant crude prices in the mid-\$70/barrel. It expects Iranian crude output at 2.1 million bpd for April and May and expects it to increase to 2.6 million bpd in July and August and further increase to 2.7 million bpd in the fourth quarter.

U.S. gasoline imports from Europe fell to an 11-week low in the week ending May 20th, while diesel arrivals almost tripled. Transatlantic gasoline arrivals in the U.S. fell by more than 50% to 201,000 bpd on the week, the lowest since the week ending March 4th. This compares with 459,000 bpd in the previous week. Year to date average imports fell to 341,000 bpd. U.S. imports of European diesel increased to 768,000 bpd compared with 258,000 bpd in the previous week.

Early Market Call - as of 8:25 AM EDT

WTI - July \$65.71, down 34 cents

RBOB - June \$2.1054, down 1.23 cents

HO - June \$2.0299, down 1.21 cents

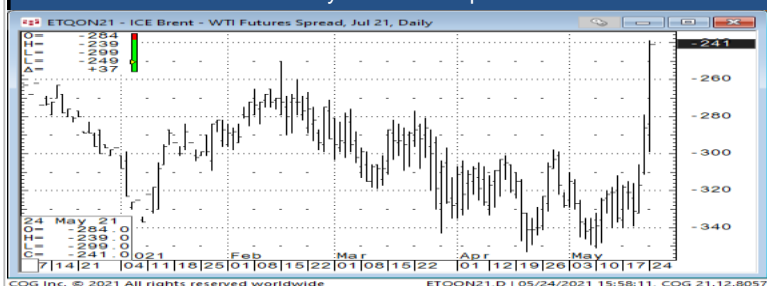
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-21	2.0420	0.0538	-0.0184
Jul-21	2.0412	0.0536	-0.0174
Aug-21	2.0421	0.0533	-0.0173
Sep-21	2.0441	0.0530	-0.0171
Oct-21	2.0450	0.0527	-0.0170
Nov-21	2.0453	0.0521	-0.0170
Dec-21	2.0444	0.0522	-0.0165
Jan-22	2.0434	0.0519	-0.0161
Feb-22	2.0383	0.0511	-0.0162
Mar-22	2.0290	0.0503	-0.0155
Apr-22	2.0159	0.0497	-0.0144
May-22	2.0082	0.0492	-0.0132
Jun-22	2.0027	0.0491	-0.0121
Jul-22	2.0015	0.0488	-0.0113
Aug-22	2.0007	0.0483	-0.0104
Sep-22	2.0010	0.0478	-0.0101
Oct-22	2.0021	0.0473	-0.0086

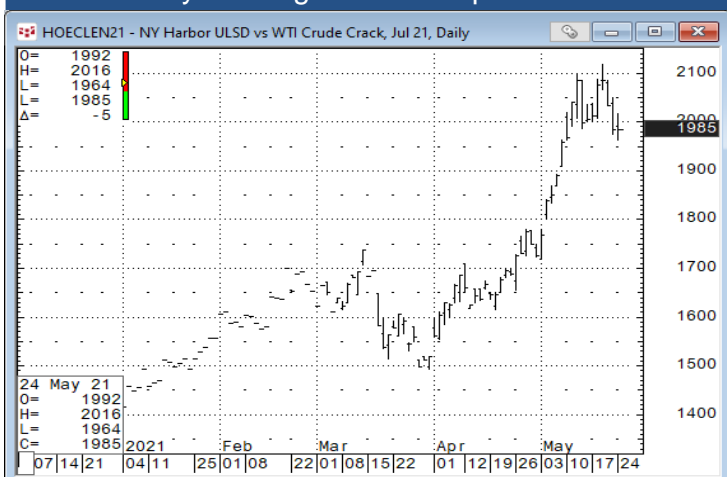
Sprague HeatCurve October 2021-April 2022

		Close	Change
Crude - WTI	July Brent- WTI Spread \$2.41	\$66.0500	\$2.4700
Crude - Brent		\$68.4600	\$2.0200
Natural Gas		\$2.8860	-\$0.0200
Gasoline		\$2.1177	\$0.0492

ICE July Brent-WTI Spread



July Heating Oil Crack Spread



July RBOB Crack Spread

