

Market Commentary

Recap: Once again, oil futures experienced a volatile trading session on Thursday, rebounding from early losses as Chinese officials planned to ease restrictions in Shanghai, which could further tighten global energy supply, and as the dollar retreated from recent gains. In China, investors are closely watching plans to ease coronavirus curbs from June 1 in the most populous city of Shanghai, which could lead to a rebound in oil demand from the world's top crude importer. Oil markets also rebounded as the dollar weakened. The broad dollar index was down 1% on the day after recent gains. Oil benchmarks often move inversely with the dollar as most global crude transactions are handled in dollars, so a rising greenback makes crude more expensive for big importers. WTI for June delivery gained \$2.62 per barrel, while Brent Crude for July delivery gained \$2.93 per barrel, or 2.69% to \$112.04. June heating oil gained 12.39 cents per gallon, or 3.38% to \$3.7920, or 2.39% to \$112.21. RBOB Gasoline for June delivery gained 11.11 cents per gallon, or 2.99% to \$3.8317.

Technical Analysis: And just like that, oil prices rebounded in yet another volatile trading session. After settling below the congestion pattern, July WTI is back above the top of this pattern, with moving oscillators trending sideways in overbought territory. Within this sideways pattern there is an upward channel that has formed, as each dip has resulted in a higher low and a higher high. That being said, we would look for a test at the channel top, with successful breaks above the upper line resulting in a technical bounce. Resistance is set at \$116.08 and above that at \$116.64. Should we get a break above this level, we could see the highs of March. To the downside, support is seen at \$109.19 and below that at \$104.01.

Fundamental News: The U.S. House passed a bill that allows the U.S. President to issue an energy emergency declaration, making it unlawful for companies to excessively increase gasoline and home fuel prices. The bill must pass the Senate, which is unlikely, and be signed by President Joe Biden to become law.

Russian Deputy Prime Minister, Alexander Novak, said Europe will not be able to switch off Russian energy in one go and needs to think about where it can find energy volumes to replace those it rejects from Moscow. He said Russia exports around 4 million bpd to Europe which will face more expensive non-Russian supply if it walks away from Russian energy. He said Russian oil production was about 1 million bpd lower in April but had increased by 200,000-300,000 bpd in May with more volumes expected to be restored next month. He said Russia's oil exports were gradually recovering and the country would be able to find export markets because its energy resources were competitive.

According to U.S. Customs data, U.S. refiners imported about 1.3 million bpd of crude and fuel oil from Latin America in April, the highest in seven months, as buyers began replacing Russian supplies.

The EIA reported that the U.S. generated 498 million biodiesel (D4) blending credits in April, up from 490 million credits in March. It also reported that the U.S. generated 1.14 billion ethanol (D6) blending credits in April, up from 1.27 billion credits in March.

Early Market Call - as of 8:30 AM EDT

WTI - June \$110.11 Up 0.23
 RBOB - June \$3.7181 Up 0.0405
 HO - June \$3.6722 Up 0.0051

All NYMEX | Prior Settlements

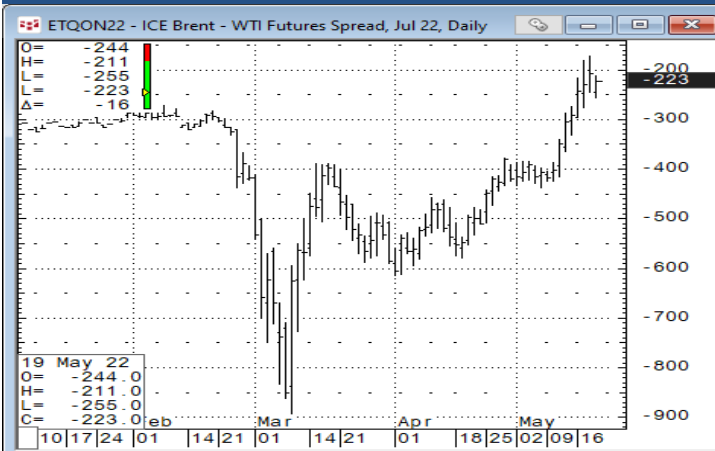
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-22	3.7920	0.1239	-0.1241
Jul-22	3.6671	0.0978	-0.0692
Aug-22	3.5815	0.0888	-0.0330
Sep-22	3.5113	0.0802	-0.1032
Oct-22	3.4406	0.0713	-0.0403
Nov-22	3.3686	0.0642	-0.0470
Dec-22	3.2971	0.0584	-0.0527
Jan-23	3.2375	0.0560	-0.0575
Feb-23	3.1756	0.0552	-0.0593
Mar-23	3.1092	0.0534	-0.0611
Apr-23	3.0371	0.0509	-0.0622
May-23	2.9799	0.0488	-0.0570
Jun-23	2.9309	0.0473	-0.0541
Jul-23	2.9009	0.0451	-0.0544
Aug-23	2.8771	0.0439	-0.0552
Sep-23	2.8589	0.0437	-0.0534
Oct-23	2.8426	0.0414	-0.0493

Sprague HeatCurve October 2022-April 2023			\$3.2285
		Close	Change
Crude - WTI	June Brent-WTI Spread	\$109.8900	\$2.8500
Crude - Brent		\$112.0400	\$2.9300
Natural Gas	\$2.15	\$8.3080	-\$0.0600
Gasoline		\$3.8317	\$0.1111

EIA Working Gas Storage Report

	13-May-22	06-May-22	Change	13-May-21
East	296	274	22	356
Midwest	364	342	22	470
Mountain	103	96	7	134
Pacific	187	183	4	245
South Central	781	749	32	884
Salt	251	241	10	278
Nonsalt	531	507	24	605
Total	1,732	1,643	89	2,090

ICE July Brent-WTI Spread



WTI Continuation

