

Market Commentary

All NYMEX | Prior Settlements

Recap: Early gains in oil futures were erased on Wednesday after the EIA reported a 7 million barrel build in U.S. gasoline inventories and an increase of 4.4 million barrels in distillate stockpiles. Oil prices appeared headed for a second session of gains on hopes for increasing fuel demand in western economies, and as the prospect for the return of Iranian exports to the open market began to fade after the U.S. secretary of state said sanctions against Tehran were unlikely to be lifted. An increase in U.S. refining activity drew on crude oil stockpiles however; a dip in implied demand for both gasoline and distillate has resulted in hefty builds in product inventories. This pushed both Brent and WTI off of session highs. August Brent had gained as much as 65 cents, or .9%, to a session high of \$72.87 a barrel, while July WTI topped the session at \$70.62 a barrel, for a gain of 57 cents, or .8%. Prices continued to bounce around for the remainder of the session before posting small losses on the day. July WTI fell 9 cents, or 0.13%, to settle at \$69.96 a barrel; with August Brent also slipped 9 cents, or 0.13%, to settle at \$69.96 a barrel.

Technical Analysis: It looks like buying dips in WTI is the right choice, as this market continues to find underlying strength. The July WTI extended quite a bit below the 5-day average it has been hovering over, but shot right back above it, an indication of scale down buying. At this point in time, we think this market will try and work higher. A settlement above the upper Bollinger band basis a 2 standard deviation should see this market heading higher. We continue to look for a push toward \$75. To the downside, support is set at \$68 and below that at \$66.43.

Fundamental News: U.S. Deputy Secretary of State, Wendy Sherman, said negotiations between Iran and the world powers on how to revive the 2015 nuclear accord will resume over the coming weekend, adding that the June 18th Iranian presidential election was a complicating factor on the talks.

A senior Iranian Oil Ministry official said Iran is planning a speedy increase in its oil output as talks continue between Tehran and six major powers to lift U.S. sanctions. Farokh Alikhani, production manager of the National Iranian Oil Company said that "if sanctions are lifted, most of the country's crude production will be restored within a month". Separately, President Hassan Rouhani's chief of staff, Mahmoud Vaezi, said that while there had been "great progress" on some economic issues, the fate of oil sanctions had not yet been resolved. Meanwhile, Washington's top diplomat to the IAEA acknowledged late Tuesday that trust needs to be rebuilt and appealed to Iran to accept a "mutual return" to the agreement. However, on Tuesday the U.S. said that even if the nuclear accord were revived, hundreds of U.S. sanctions on Tehran would remain in place. That could mean additional Iranian oil supply would not be re-introduced into the crude market soon.

Libya's oil output is increasing after a pipeline leak that caused a brief reduction was fixed. Production at Libya's Waha Oil Co is gradually rising following repairs on the main pipeline between the Samah oil field and the Es Sider port. Output is likely to return to normal on Thursday after the company earlier cut it by about 50% to 140,000 bpd. Separately, Libya's NOC chairman, Mustafa Sanalla, said Libya lost about 50,000 bpd of oil production at its subsidiary Akakus Oil and sustained further losses at its Waha Oil Company due to pipeline leaks.

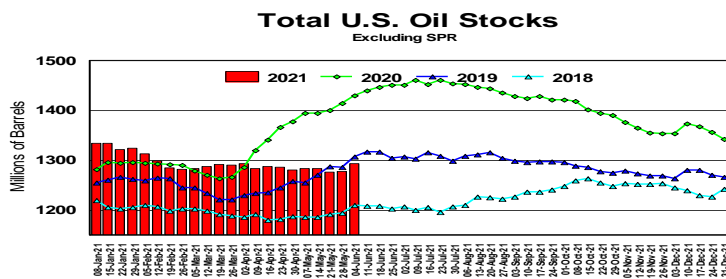
IIR Energy said U.S. oil refiners are expected to shut in 389,000 bpd of capacity in the week ending June 11th, increasing available refining capacity by 192,000 bpd from the previous week. Offline capacity is expected to fall to 302,000 bpd in the week ending June 18th.

Early Market Call - as of 8:25 AM EDT

WTI - July \$70.11, up 15 cents
 RBOB - July \$2.2154, up 1.29 cents
 HO - July \$2.1388, up 93 points

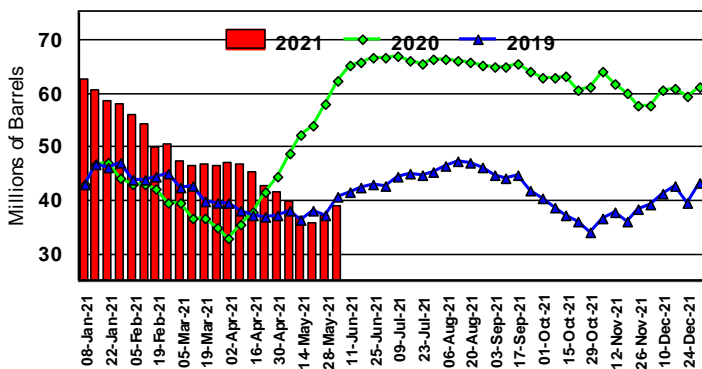
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-21	2.1295	-0.0055	0.0278
Aug-21	2.1325	-0.0053	0.0283
Sep-21	2.1356	-0.0052	0.0285
Oct-21	2.1376	-0.0051	0.0290
Nov-21	2.1379	-0.0049	0.0291
Dec-21	2.1365	-0.0049	0.0287
Jan-22	2.1343	-0.0051	0.0285
Feb-22	2.1287	-0.0054	0.0291
Mar-22	2.1189	-0.0056	0.0301
Apr-22	2.1044	-0.0056	0.0305
May-22	2.0945	-0.0054	0.0302
Jun-22	2.0864	-0.0049	0.0302
Jul-22	2.0848	-0.0046	0.0303
Aug-22	2.0840	-0.0043	0.0304
Sep-22	2.0835	-0.0041	0.0299
Oct-22	2.0834	-0.0038	0.0306
Nov-22	2.0833	-0.0035	0.0306

Sprague HeatCurve October 2021-April 2022		\$2.1293
	Close	Change
Crude - WTI	\$69.7900	-\$0.0800
Crude - Brent	\$72.2200	\$0.0000
Natural Gas	\$3.1290	\$0.0010
Gasoline	\$2.2025	-\$0.0165



Weekly EIA Petroleum Status Report for the Week Ending June 4, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 5.241 million barrels
 Cushing, OK Crude Stocks Up 165,000 barrels
Gasoline Stocks Up 7.046 million barrels
Distillate Stocks Up 4.412 million barrels
Refinery % Operated 91.3%, Up 2.6%

PADD #1

Distillate Stocks (in million bbls)	Week Ending June 4, 2021	Week Ending May 28, 2021	Week Ending June 5, 2020
New England	6.7	6.9	12.4
Central Atlantic	19.1	18.5	37.5
Total PADD #1	39.0	37.2	65.2
Distillate Imports (thousands b/d)	131	492	173