

## Market Commentary

**Recap:** WTI surged to its highest since March 23, finishing up 3.4% at \$114.20 a barrel. Higher stock market prices on Wall Street gave a bullish jolt to risk appetite in the energy commodities sphere, while moves by Sweden and Finland to join NATO added a different risk--risk premium--into the price of oil on concerns regarding Russia's threat to do something if NATO strengthens those two countries militarily. Crude markets are also riding a bullish wave for refined fuels in the US as low inventories and weak refining capacity--just as a summer driving season is about to start--spark fears of shortages. June WTI gained \$3.71 per barrel, or 3.36% to \$114.20, while Brent for July delivery tacked on \$2.69, or 2.41%, to settle at \$114.24 a barrel. ULSD for June delivery lost 1.37 cents per gallon, or 0.35% to \$3.9075. RBOB Gasoline for June delivery gained 6.51 cents per gallon, or 1.64% to \$4.0229.

**Technical Analysis:** Technical traders saw the validation of the downward trend line on the symmetrical triangle that June WTI settled above on Friday. This validation led to a buying frenzy that took this spot contract toward the \$115 level. That being said, we are still within the confines of the sideways pattern that dates back to the beginning of March, making this our next breakout point of interest. The top of this pattern is set at \$116.64, the initial upside target. Should we get above, the projected upside target would be \$138.27. Support is seen at \$110.60 and below that at \$107.25.

**Fundamental News:** The U.S. Department of Energy reported that crude oil stocks in the U.S. emergency reserve drew by about 5 million barrels in the week ending May 13<sup>th</sup>. Stocks in the SPR fell to 538 million barrels, the lowest level since 1987.

The EU's top diplomat, Josep Borrell, said the European Union had not yet found agreement on a sixth package of sanctions against Russia. Earlier, he said there were some "strong positions from some member states."

The EIA reported that oil output in the Permian in Texas and New Mexico is due to increase 88,000 bpd to a record 5.219 million bpd in June. Total output in the major U.S. shale oil basins will increase 142,000 bpd to 8.761 million bpd in June, the most since March 2020.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said a lack of refining capacity meant that gasoline and other oil products would remain expensive even if the world's largest exporters produced more oil. He reiterated that there are "physical impediments that no producer can solve." He said the country is on track to lift oil production capacity by more than 1 million bpd to 13.2-13.4 million bpd by the end of 2026 or start of 2027. He said that production could be maintained at that level once it was reached should market demand require it. According to the latest Platts survey, Saudi Arabia produced 10.4 million bpd in April.

IIR Energy reported that U.S. oil refiners are expected to shut in about 861,000 bpd of capacity in the week ending May 20<sup>th</sup>, increasing available refining capacity by 210,000 bpd. Offline capacity is expected to decline to 502,000 bpd in the week ending May 27<sup>th</sup>.

Colonial Pipeline Co is allocating space for Cycle 30 shipments on Line 2, its main distillate line from Houston, Texas to Greensboro, North Carolina.

**Early Market Call - as of 8:10 AM EDT**

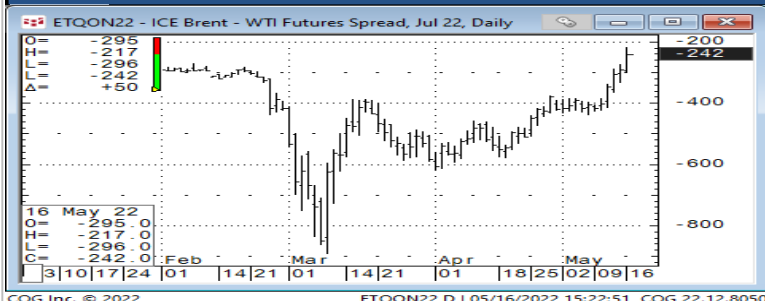
WTI - June \$114.86, up 64 cents  
 RBOB - June \$4.0350, up 1.21 cents  
 HO - June \$3.9193, up 1.18 cents

## All NYMEX | Prior Settlements

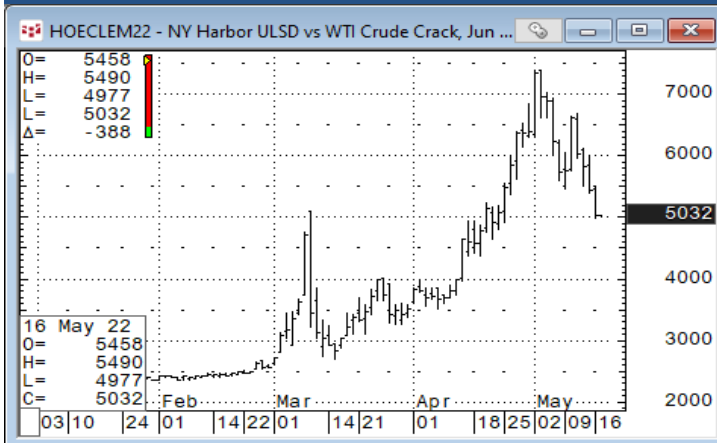
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-22	3.9075	-0.0137	0.0726
Jul-22	3.7738	0.0130	0.1199
Aug-22	3.6815	0.0232	0.1487
Sep-22	3.6122	0.0208	0.0794
Oct-22	3.5443	0.0176	0.1476
Nov-22	3.4758	0.0140	0.1444
Dec-22	3.4082	0.0118	0.1431
Jan-23	3.3500	0.0113	0.1388
Feb-23	3.2866	0.0115	0.1341
Mar-23	3.2175	0.0113	0.1306
Apr-23	3.1419	0.0108	0.1273
May-23	3.0766	0.0111	0.1206
Jun-23	3.0195	0.0121	0.1070
Jul-23	2.9875	0.0156	0.1045
Aug-23	2.9577	0.0131	0.0967
Sep-23	2.9338	0.0106	0.0925
Oct-23	2.9113	0.0101	0.0869

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	June Brent-	\$111.8200	\$3.1900
Crude - Brent	WTI Spread	\$114.2400	\$2.6900
Natural Gas	\$2.42	\$7.9560	\$0.2930
Gasoline		\$4.0229	\$0.0651

### ICE July Brent-WTI Spread



## June Heating Oil Crack Spread



## June RBOB Crack Spread

