

Market Commentary

Recap: Oil prices were mixed on Friday, with WTI edging lower as trade tensions between China and the U.S. appear to be heating up. After gaining as much as 1.2 percent in early trading, June WTI succumb to pressure, falling from \$62.49, the session high, to a low of \$61.42. A failed attempt to gain ground above unchanged was met with a fresh round of selling. June WTI settled at \$61.66 a barrel, down 4 cents, or 0.1%. The contract fell 0.5% for the week, marking its third straight weekly decline. July Brent rose 23 cents, or 0.3%, to settle at \$70.62 a barrel, for a weekly loss of 0.3%. June RBOB added 0.7% to settle at \$3.74 cents a gallon, leaving it with a 1.9% weekly loss. June heating oil rose 0.3% to end at \$2.0504 a gallon, off 1% for the week.

Technical Analysis: After trading back and forth, WTI finished the week, in neutral territory. June, the current spot contract closed above \$61.51, the 50% retracement established by the October high of \$79.44 and the December low of \$43.59. Coming into next week, we would expect this market to remain in neutral territory, trading between the range of \$60.00 and \$65.00. Resistance is set at \$62.55 and above that at \$63.29. Support is set at \$ 60.91 and \$6 0.04.

Fundamental News: US energy firms reduced the number of oil rigs operating for the third time in four weeks. Baker Hughes reported that drillers cut two oil rigs in the week ending May 10th, bringing the total count down to 805.

Norway's Equinor has fully shut down oil and gas production from the Oseberg complex in the North Sea for unplanned maintenance expected to last about a week.

Russia's Energy Ministry said work to normalize oil supplies continues following the contamination issue. It said tankers are being loaded with clean oil at the Ust-Luga port after clean oil arrived at the port on May 8th.

On Friday, US President, Donald Trump, said he was in "absolutely no rush" to finalize a trade agreement with China as US negotiators from both countries prepared to continue talks in Washington. This is after the Trump administration's tariff increased to 25% from 10% on \$200 billion worth of Chinese goods took effect on Friday morning. With no action from the Trump administration to reverse the increase, US Customs and Border Protection imposed now 25% duty on affected US-bound cargoes leaving China on Friday morning. Meanwhile, China said it "deeply regrets" the US' decision to increase tariffs, adding without elaborating that China would take necessary countermeasures. China's Commerce Ministry said it hoped the US could meet China halfway and resolve the issue through cooperation and consultation.

Diplomats believe that the European Union will defend the Iran nuclear agreement despite Iran's decision to backtrack on its commitments in response to US sanctions. However, European powers expect it to collapse without a deal to sell Iranian oil to China or India.

Iran's Revolutionary Guards said Iran will not negotiate with the US and denied any US attack was likely, a day after US President Donald Trump urged talks and said he could not rule out a military confrontation. On Thursday, President Trump urged Iran's leadership to sit down and talk with him about giving up Iran's nuclear program.

IIR Energy reported that US oil refiners are expected to shut in 989,000 bpd of capacity in the week ending May 10th, increasing available refining capacity by 163,000 bpd from the previous week. Offline capacity is expected to fall to 528,000 bpd in the week ending May 17th.

Early Market Call - as of 8:05 AM EDT

WTI - June \$62.33, up 67 cents

RBOB - June \$2.0206, up 3.13 cents

HO - June \$2.0825, up 3.17 cents

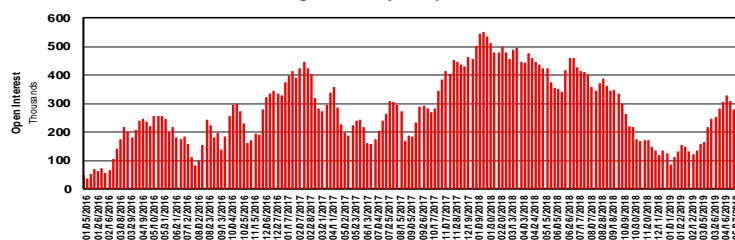
All NYMEX | Prior Settlements

| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Jun-19 | \$2.0504 | \$0.0068 | -\$0.0198 |
| Jul-19 | \$2.0520 | \$0.0068 | -\$0.0197 |
| Aug-19 | \$2.0570 | \$0.0067 | -\$0.0183 |
| Sep-19 | \$2.0639 | \$0.0059 | -\$0.0190 |
| Oct-19 | \$2.0713 | \$0.0059 | -\$0.0195 |
| Nov-19 | \$2.0776 | \$0.0055 | -\$0.0199 |
| Dec-19 | \$2.0818 | \$0.0049 | -\$0.0202 |
| Jan-20 | \$2.0844 | \$0.0043 | -\$0.0193 |
| Feb-20 | \$2.0799 | \$0.0039 | -\$0.0182 |
| Mar-20 | \$2.0684 | \$0.0032 | -\$0.0182 |
| Apr-20 | \$2.0516 | \$0.0025 | -\$0.0180 |
| May-20 | \$2.0398 | \$0.0022 | -\$0.0176 |
| Jun-20 | \$2.0311 | \$0.0020 | -\$0.0174 |
| Jul-20 | \$2.0265 | \$0.0015 | -\$0.0164 |
| Aug-20 | \$2.0225 | \$0.0011 | -\$0.0157 |
| Sep-20 | \$2.0197 | \$0.0008 | -\$0.0148 |
| Oct-20 | \$2.0178 | \$0.0004 | -\$0.0146 |

Sprague HeatCurve Oct 2019-Apr 2020 \$2.0760

| Other Front Month NYMEX | | Close | Change |
|-------------------------|-------------|-----------|-----------|
| Crude - WTI | July Brent- | \$61.8000 | -\$0.0100 |
| Crude - Brent | WTI Spread | \$70.6200 | \$0.2300 |
| Natural Gas | \$8.82 | \$2.6190 | \$0.0240 |
| Gasoline | | \$1.9891 | \$0.0137 |

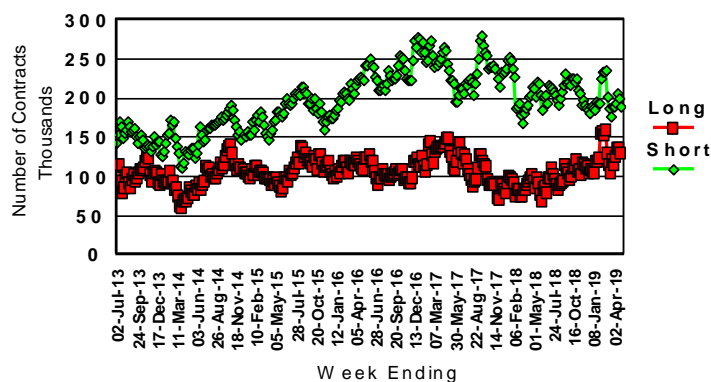
WTI Futures & Options: NYMEX & ICE Combined
Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending May 7, 2019

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

