

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices had a wild ride on Tuesday, falling by more than 3% within a 7 minute span; with July Brent trading over 100,000 contracts in a 1 hours' time. This spot contract slipped to a low of \$73.10 before regaining traction. June WTI slipped equally as much, falling to a low of \$67.63. Both contracts resumed trading sideways, holding within a dollar range up until U.S. President Trump made his official announcement to vacate the Iranian nuclear deal. This sparked a 3% run up in both blends, with prices achieving new session highs. After a gain July Brent peaked at \$76.18 prior to settling at \$74.85 a barrel, down \$1.32, or 1.73%, while WTI for June delivery topped off at \$70.40 before slipping to a settlement of \$69.06 a barrel, down \$1.67, or 2.3%. June RBOB fell .0226 cents to a settlement of \$2.1216 a gallon, while June heating oil slipped .0273 cents, to close at \$2.1087 a gallon.

Fundamental News: US President, Donald Trump, announced that the US will withdraw from the 2015 nuclear agreement that was designed to deny Iran the ability to build nuclear weapons. He said he was reimposing economic sanctions on Iran. He said no action taken by Iran has been more dangerous than its pursuit of nuclear weapons. He said the Iranian nuclear deal was supposed to protect the US and its allies but it allowed Iran to continue to enrich uranium. President Trump said he wants real, lasting solution to Iran's nuclear threat. He added that he is ready, willing and able to negotiate a new deal with Iran when it is ready. Separately, the US Treasury said it will begin the process of implementing 90-and 180-day wind down periods for activities involving Iran that were consistent with US sanctions relief. It said the applicable sanctions will come back into full effect at the end of the wind down periods. Iran's President, Hassan Rouhani, said that Iran will remain committed to a multinational nuclear deal following President Donald Trump's decision to withdraw from the agreement. He said "if we achieve the deal's goals in cooperation with other members of the deal, it will remain in place...by exiting the deal, America has officially undermined its commitment to an international treaty."

Britain, Germany and France urged the US not to take steps that would obstruct the full implementation by all other parties of the nuclear deal.

Israel praised President Donald Trump's decision to withdraw from the nuclear agreement. Meanwhile, Saudi Arabia also hailed the US decision to withdraw from the deal.

OPEC's Secretary General, Mohammed Barkindo, said OPEC-led efforts to stabilize the oil market will be maintained, when asked about the consequences if the US exits a nuclear agreement with Iran.

The EIA reported in its Short Term Energy Outlook that total world oil consumption in 2018 is forecast to increase by 1.76 million bpd to 100.28 million bpd and by 1.73 million bpd to 102.01 million bpd in 2019. Total world supply is forecast to increase by 2.44 million bpd to 100.45 million bpd in 2018 and by 2.19 million bpd to 102.64 million bpd in 2019. OPEC oil output is estimated to decline by 180,000 bpd to 32.26 million bpd in 2018 and increase by 90,000 bpd to 32.35 million bpd in 2019. The EIA also reported that US oil demand is expected to increase by 50,000 bpd to 20.38 million bpd in 2018 and by 260,000 bpd to 20.64 million bpd in 2019. Gasoline demand in 2018 is forecast to remain unchanged at 9.32 million bpd and increase by 70,000 bpd to 9.39 million bpd in 2019. Distillate demand increased by 130,000 bpd to 4.07 million bpd in 2018 and by 50,000 bpd to 4.12 million bpd in 2019. Meanwhile, US oil production in 2018 is forecast to increase by 1.37 million bpd to 10.72 million bpd while production in 2019 is forecast to increase by 1.14 million bpd to 11.86 million bpd.

Early Market Call - as of 8:30 AM EDT

WTI - June \$70.74, up \$1.66

RBOB - June \$2.1531, up 4.11 cents

HO - June \$2.2055, up 4.82 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-18	\$2.1577	-\$0.0273	\$0.0580
Jul-18	\$2.1504	-\$0.0304	\$0.0539
Aug-18	\$2.1470	-\$0.0327	\$0.0526
Sep-18	\$2.1473	-\$0.0339	\$0.0520
Oct-18	\$2.1477	-\$0.0343	\$0.0513
Nov-18	\$2.1476	-\$0.0344	\$0.0508
Dec-18	\$2.1457	-\$0.0339	\$0.0505
Jan-19	\$2.1455	-\$0.0336	\$0.0503
Feb-19	\$2.1409	-\$0.0335	\$0.0492
Mar-19	\$2.1296	-\$0.0334	\$0.0479
Apr-19	\$2.1115	-\$0.0332	\$0.0459
May-19	\$2.1008	-\$0.0329	\$0.0455
Jun-19	\$2.0937	-\$0.0326	\$0.0452
Jul-19	\$2.0914	-\$0.0321	\$0.0450
Aug-19	\$2.0927	-\$0.0316	\$0.0439
Sep-19	\$2.0983	-\$0.0310	\$0.0441
Oct-19	\$2.1048	-\$0.0305	\$0.0447

Sprague HeatCurve Oct 2018-April 2019 **\$2.1396**

Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-	\$68.9700	-\$1.6500
Crude - Brent	WTI Spread	\$74.8500	-\$1.3200
Natural Gas	\$5.88	\$2.7320	-\$0.0090
Gasoline		\$2.1114	-\$0.0226

API Report for the Week Ending May 4, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Down 1.9 million barrels	Down 400,000 barrels
Cushing, OK Crude Stocks	Up 1.7 million barrels	Down 800,000 barrels
Gasoline Stocks	Down 2.1 million barrels	Down 600,000 barrels
Distillate Stocks	Down 6.7 million barrels	Down 1.9 million barrels
Refinery Runs	Down 110,000 bpd	Up 0.6%, at 91.7%

NYMEX June-July WTI Spread

NYMEX June-July Heating Oil Spread

