

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures slipped on Wednesday after failing to find support despite the surprise drop in U.S. crude oil stockpiles. Price fell as much as 3% as markets were also affected by the U.S. Federal Reserve Chairman warning that economic recovery from the coronavirus pandemic would take many months. The move lower comes after the market enjoyed several days of rebounds on optimism that demand would return as producers aggressively cut output. June WTI fell 49 cents, or 1.9%, to settle at \$25.29 a barrel, while Brent for July delivery lost 79 cents, or 2.6%, to settle at \$29.29 a barrel. June RBOB dropped 7.2% to 85.27 cents a gallon, while June heating oil fell 0.8% to 83.14 cents a gallon.

Technical Analysis: June WTI continues to test the 50-day moving average, giving up gains above this average. The fact that this market disregarded the surprise drop in inventories suggests how weak this market really is. With this in mind, we expect a struggle above the \$25 level as it tries to recapture \$30. In between \$25 and \$30, additional resistance is set at \$28.36. Support is set at \$25 and below that at \$23.

Fundamental News: OPEC cut its forecast for global oil demand this year as the coronavirus outbreak causes a global recession. OPEC expects global demand to contract by 9.07 million bpd or 9.1% in 2020 to 92.82 million bpd. Last month, OPEC expected a contraction of 6.85 million bpd. It revised down its second quarter demand projection by 5.4 million bpd to 86.7 million bpd. It said the world is seeing unprecedented oil demand shock and the worst demand contraction in major centers is expected in the second quarter. The call on OPEC crude in 2020 is estimated at 24.26 million bpd. OPEC said non-OPEC oil supply is forecast to fall by 3.5 million bpd in 2020, compared with a previous estimate of a 1.5 million bpd decline. It reported that US producers have so far cut output by at least 1.5 million bpd in the second quarter, with all producers outside OPEC+ have so far announced cuts of 3.6 million bpd. OPEC said its oil output increased by 1.8 million bpd in April to 30.41 million bpd.

Saudi Arabia's state news agency reported that the country's cabinet has urged OPEC+ countries to reduce oil output further to restore balance in global crude markets. On Monday, Saudi Arabia said it would add to planned cuts by reducing production by a further 1 million barrels per day (bpd) next month, bringing output down to 7.5 million bpd.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, and Russia's Energy Minister, Alexander Novak, held a phone conversation as part of their continuing consultations on oil market developments. They stated that both countries remain firmly committed to achieving market stability and expediting rebalancing of the oil market. They added that their partners in OPEC+ are fully aligned with their goals and will comply with the OPEC+ agreement. Russia's Energy Minister said he welcomes additional oil output cuts by Saudi Arabia.

Kuwait Petroleum Corp has notified its customers they will have to load less crude oil in June as it has set operational tolerance at minus 5% for all crude cargoes.

Iraqi oil officials said Iraq has agreed with oil majors operating its five giant southern oilfields to cut 300,000 bpd. Iraq will also cut oil output from other fields which it operates alone, bringing the total cuts to slightly below 700,000 bpd.

Early Market Call - as of 8:40 AM EDT

WTI - June \$25.88, up 59 cents

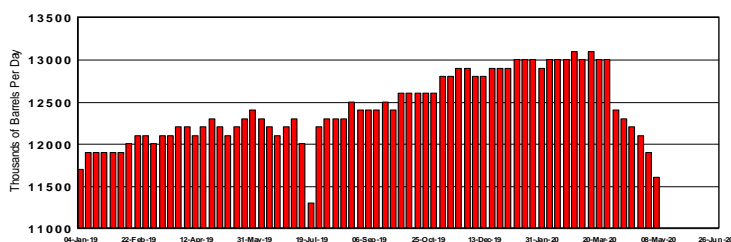
RBOB - June \$.8641, up 1.14 cents

HO - June \$.8437, up 1.23 cents

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
May-20	0.8314	-0.0070	-0.0074
Jun-20	0.8725	-0.0050	0.0011
Jul-20	0.9105	-0.0046	0.0074
Aug-20	0.9459	-0.0048	0.0124
Sep-20	0.9771	-0.0046	0.0167
Oct-20	1.0021	-0.0036	0.0191
Nov-20	1.0200	-0.0027	0.0199
Dec-20	1.0380	-0.0015	0.0185
Jan-21	1.0534	-0.0006	0.0171
Feb-21	1.0656	0.0005	0.0170
Mar-21	1.0737	0.0020	0.0165
Apr-21	1.0865	0.0024	0.0153
May-21	1.1006	0.0027	0.0126
Jun-21	1.1202	0.0029	0.0116
Jul-21	1.1381	0.0031	0.0108
Aug-21	1.1522	0.0031	0.0105
Sep-21	1.1640	0.0031	0.0096

Sprague Heat Weighted Strip October -April 20/2021			\$1.0366
		Close	Change
Crude - WTI	June Brent-	\$25.6800	-\$0.6500
Crude - Brent	WTI Spread	\$29.1900	-\$0.7900
Natural Gas	\$3.51	\$1.6160	-\$0.1040
Gasoline		\$0.8527	-\$0.0658

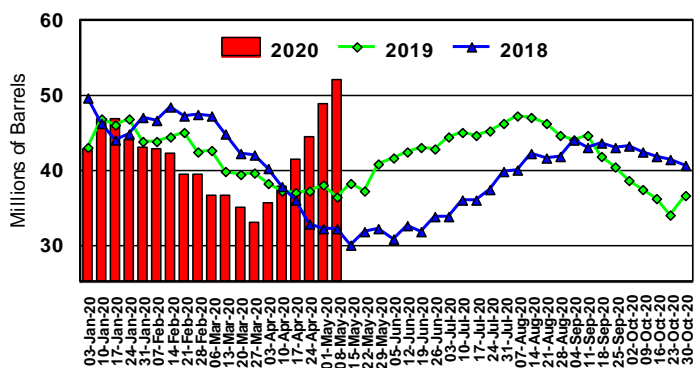
U.S. Domestic Crude Production



Weekly EIA Petroleum Status Report for the Week Ending May 8, 2020

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 745,000 barrels

Cushing, OK Crude Stocks Down 3.002 million barrels

Gasoline Stocks Down 3.513 million barrels

Distillate Stocks Up 3.511 million barrels

Refinery % Operated 67.9%, down 2.6%

PADD #1

Distillate Stocks (in million bbls)	Week Ending May 8, 2020	Week Ending May 1, 2020	Week Ending May 10, 2019
New England	9.4	8.8	4.9
Central Atlantic	26.8	23.1	20.5
Total PADD #1	52.1	48.8	36.3
Distillate Imports (thousands b/d)	166	273	24