

## Market Commentary

**Recap:** Oil futures pared early losses on Wednesday after the EIA reported 1.7 million barrel draw in U.S. crude oil inventories. Although the decline was a minor one, U.S. crude oil stockpiles stand at 484.3 million barrels, which is below the five-year seasonal average and the slight decrease in stockpiles reinforced expectations of improving demand ahead of the U.S. summer driving season. This offset concerns that a possible return of Iranian supply would cause a glut. After dipping toward the psychological support level of \$65, July WTI rebounded above \$66, to settle at \$66.21 a barrel, up 14 cents, or 0.21%. Brent for July delivery added 22 cents, or 0.32%, to settle at \$68.87 a barrel. June RBOB rose by almost 1.6%, to settle at \$2.15 a gallon, while June heating oil tacked on 0.5%, to settle close to \$2.05 a gallon.

**Technical Analysis:** After bouncing off of the psychological support area of \$65, July WTI came up to the upper line on the ascending triangle but could not settle above it. This line has on 7 attempts to break through it. We would still look for this market to attempt to move higher and should we get a settlement above it, we would look for a push toward \$67.98. To the down side support is seen at \$64.85 and below that at \$62.57.

**Fundamental News:** IIR Energy reported that U.S. oil refiners are expected to shut in 736,000 bpd of capacity in the week ending May 28<sup>th</sup>, cutting available refining capacity by 49,000 bpd from the previous week.

The EIA said U.S. crude stocks at the Cushing, Oklahoma, storage hub fell last week to the lowest since March 2020. Cushing stockpiles fell to 44.8 million barrels. Meanwhile, refiner utilization increased last week to 87%, the highest since March 2020. East Coast refiner utilization increased to 90%, the highest level since June 2019. U.S. distillates stocks fell by 3.013 million barrels in the latest week to 129.1 million barrels, the lowest level since April 2020.

Russia's Deputy Prime Minister, Alexander Novak, said the global oil deficit is currently seen at around 1 million bpd. He added that the Organization of Petroleum Exporting Countries and its allies, a group known as OPEC+, should take into account possible increase in oil production by Iran when considering its further steps. OPEC+ is bringing back 2.1 million bpd of oil production through July, easing cuts to 5.8 million bpd. Analysts estimate any increase of oil production by Iran if indirect talks between the U.S. and Iran lead to a lifting of sanctions, can potentially add between 1 million to 2 million bpd in addition to the gradual rise OPEC+ supply.

The Director General of the United Nations' IAEA, Rafael Gross, called Iran's uranium enrichment program "very concerning" in an interview with the Financial Times. He said Iran was enriching uranium at purity levels that "only countries making bombs are reaching". He said it was Iran's "sovereign right" to develop its program but added: "This is a degree that requires a vigilant eye." He said most measures that Iran had taken could be reversed relatively easily, but he added that the level of research and development that had taken place was an issue.

Energy Aspect founder, Amrita Sen, said Saudi Arabia will probably ask OPEC+ members to hold off on any oil-production increases beyond July until there is clarity on the Iran nuclear deal and the country's crude oil exports. Iran's oil production will start to increase in the third quarter and total 3.4 million bpd by the end of the year and 3.7 million bpd in 2022, if a deal on its nuclear program is reached with the U.S.

**Early Market Call - as of 9:00 AM EDT**

WTI - July \$65.86, down 35 cents

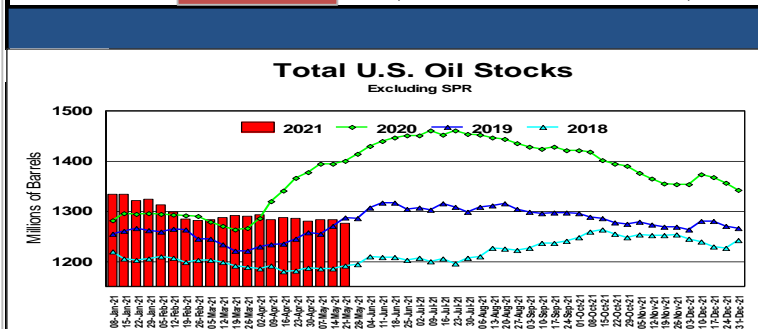
RBOB - June \$2.1390, down 1.11 cents

HO - June \$2.0321, down 1.31 cents

## All NYMEX | Prior Settlements

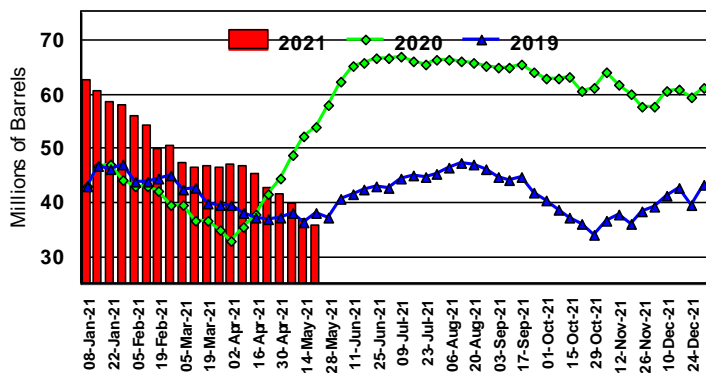
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-21	2.0452	0.0098	0.0381
Jul-21	2.0439	0.0100	0.0388
Aug-21	2.0452	0.0101	0.0393
Sep-21	2.0475	0.0102	0.0396
Oct-21	2.0483	0.0099	0.0395
Nov-21	2.0481	0.0093	0.0388
Dec-21	2.0469	0.0088	0.0386
Jan-22	2.0457	0.0083	0.0388
Feb-22	2.0404	0.0078	0.0385
Mar-22	2.0310	0.0074	0.0388
Apr-22	2.0180	0.0072	0.0396
May-22	2.0103	0.0070	0.0400
Jun-22	2.0048	0.0068	0.0406
Jul-22	2.0037	0.0065	0.0406
Aug-22	2.0030	0.0060	0.0406
Sep-22	2.0035	0.0055	0.0411
Oct-22	2.0047	0.0050	0.0406

Sprague HeatCurve October 2021-April 2022		\$2.0407
	Close	Change
Crude - WTI	\$66.2100	\$0.1400
Crude - Brent	\$68.8700	\$0.2200
Natural Gas	\$2.9840	\$0.0710
Gasoline	\$2.1501	\$0.0328



## Weekly EIA Petroleum Status Report for the Week Ending May 21, 2020

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 1.662 million barrels  
 Cushing, OK Crude Stocks Down 1.008 million barrels  
**Gasoline Stocks** Down 3.013 million barrels  
**Distillate Stocks** Down 1.745 million barrels  
**Refinery % Operated** 87%, Up 0.7%

### PADD #1

	Week Ending May 21, 2021	Week Ending May 14, 2021	Week Ending May 22, 2020
Distillate Stocks (in million bbls)			
New England	7.5	8.1	10.3
Central Atlantic	17.2	17.6	32.9
Total PADD #1	35.7	36.8	57.9
Distillate Imports (thousands b/d)	225	245	132