

Market Commentary

Recap: The oil market plunged on Friday to almost a three-month low after President Donald Trump, late Thursday, announced a plan to impose a 5% tariff on all goods coming from Mexico starting on June 10th and raise them to 25% over the following four months until illegal immigration is halted. The market was also pressured as a slowdown in the Chinese economy cast doubt on the outlook for global demand. Disappointing manufacturing data from China raised concerns that the country's efforts to rebound was failing in the face of trade tensions with the US. The combination of sanctions imposed on Iran and Venezuela, along with tariffs imposed on China and now Mexico has dampened investor confidence in the global economy and thus pressured the markets. The crude market opened down slightly lower at \$56.46 and sold off to \$54.72 early in the session before further selling later in the session pushed the market to a low of \$53.36 ahead of the close. The July WTI contract settled down \$3.09 at \$53.50 and later continued to trend lower after the close, posting a new intraday low of \$53.05, a low not seen since mid-February. Meanwhile, the July Brent contract settled down \$2.38 at \$64.49. The product market ended the session sharply lower, with the heating oil market settling down 7.32 cents at \$1.8418 and the RBOB market settling down 7.66 cents at \$1.802.

Technical Analysis: The crude market on Monday will likely retrace some of Friday's sharp losses. However its gains will be limited amid new trade concerns after President Trump threatened to impose tariffs on Mexico, a key US trade partner and a major supplier of oil. US refiners import about 680,000 bpd of Mexican crude. The market is seen finding support at its low of \$53.05, followed by \$52.72, \$52.52 and \$52.19. Meanwhile, resistance is seen at \$54.20, \$55.70, \$56.61, \$57.86, \$59.21 and \$59.70.

Fundamental News: Baker Hughes reported that US energy companies increased the number of rigs searching for oil for the first week in four. The number of rigs searching for oil increased by 3 to 800 in the week ending May 31st.

The EIA stated in its monthly production report that US crude production in March increased by 241,000 bpd or 2.1% to 11.905 million bpd compared with a revised 11.664 million bpd in February.

According to a Wall Street Journal report, citing Brian Hook, the US State Department's special representative for Iran, buyers of Iranian crude that have not reached their limits yet can continue to import barrels until those caps are reached. In early May, the US allowed waivers for Iran's largest crude buyers to expire, part of US President Donald Trump's push to bring Iranian crude exports to zero.

The UN's IAEA in its latest quarterly report said Iran remained in compliance with its main nuclear commitments under the 2015 nuclear agreement.

IIR Energy reported that US oil refiners are expected to shut in 668,000 bpd of capacity in the week ending May 31st, increasing the available refining capacity by 194,000 bpd from the previous week.

The EPA announced an end to a summertime ban on sales of higher ethanol blends of gasoline on Friday. The decision would allow gasoline stations to sell blends containing up to 15% corn-based ethanol, called E15, year-round, ending a seasonal prohibition that President Barack Obama's EPA imposed in 2011 to reduce smog pollution. It also announced a narrowed-down plan to reform the biofuel blending credit market, focused on increasing its transparency.

Early Market Call - as of 8:44 AM EDT

WTI - July \$54.51 up \$1.27

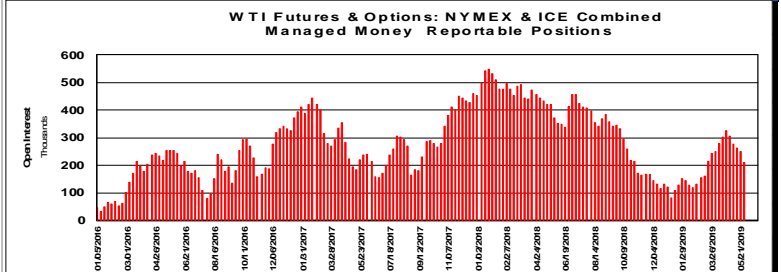
RBOB - July \$1.7849 up 1.35 cents

HO - July \$1.8531 up 1.27 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-19	\$1.8418	-\$0.0732	-\$0.1295
Jul-19	\$1.8404	-\$0.0779	-\$0.1316
Aug-19	\$1.8451	-\$0.0778	-\$0.1306
Sep-19	\$1.8532	-\$0.0775	-\$0.1291
Oct-19	\$1.8612	-\$0.0770	-\$0.1277
Nov-19	\$1.8673	-\$0.0765	-\$0.1268
Dec-19	\$1.8708	-\$0.0763	-\$0.1260
Jan-20	\$1.8731	-\$0.0762	-\$0.1253
Feb-20	\$1.8704	-\$0.0757	-\$0.1235
Mar-20	\$1.8631	-\$0.0746	-\$0.1209
Apr-20	\$1.8507	-\$0.0736	-\$0.1183
May-20	\$1.8433	-\$0.0727	-\$0.1159
Jun-20	\$1.8391	-\$0.0720	-\$0.1141
Jul-20	\$1.8399	-\$0.0713	-\$0.1114
Aug-20	\$1.8423	-\$0.0700	-\$0.1084
Sep-20	\$1.8456	-\$0.0685	-\$0.1052
Oct-20	\$1.8484	-\$0.0669	-\$0.1017

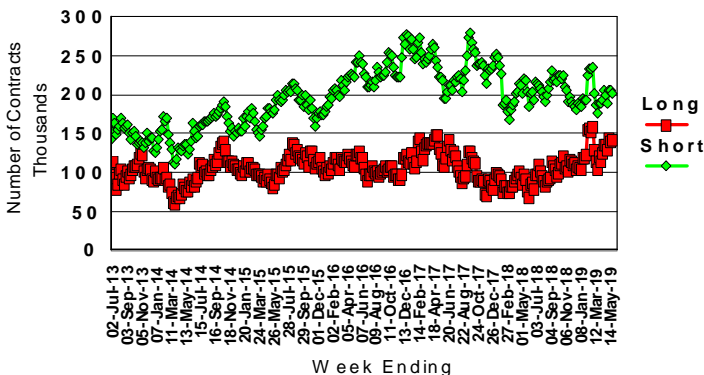
Sprague HeatCurve Oct 2019-Apr 2020		\$1.8672
Other Front Month NYMEX		Close
Crude - WTI	July Brent- WTI Spread	\$53.5000
Crude - Brent		\$64.4900
Natural Gas	\$10.99	\$2.4540
Gasoline		\$1.8020



Commitment of Traders Report for the Week Ending May 28, 2019

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

