

Market Commentary

Recap: Oil prices, still reeling from the U.S. pull out of the Iranian nuclear deal rose more than 3 percent to their highest level in 3 1/2 years, reversing Tuesday's losses. The larger than expected 2.2 million barrel drawdown in U.S. crude oil inventories gave the market an extra jolt, taking prices to their highest level since December 2014. June WTI reached a high of \$71.36 a barrel before trimming gains for a settlement of \$71.14, up \$2.08, or 3.01%. July Brent added \$2.36, or 3.15%, to settle at \$77.21 a barrel.

June RBOB hit a high of \$2.1701 a gallon, the highest level for a spot month since August of 2017, when Hurricane Harvey hit the U.S. This spot contract rose 2.7%, to settle at \$2.167 a gallon. June heating rose to a high of \$2.2258 a gallon, heating oil's highest level since February of 2015. It settled at \$2.218 a gallon, up 2.8%.

Fundamental News: Saudi Arabia, one of the few supporters of U.S. President Trump's decision to vacate the Iranian nuclear deal, is likely to benefit from Trump's decision. Saudi Arabia, a strong foe of Iran, stands to gain from higher crude oil prices, while at the same time be able to ramp up production to replace lost Iranian barrels because of newly imposed sanctions. The main risk for the Saudi's is that the U.S. decision heightens an already tense situation in the Middle East, resulting in increased conflict and even the possibility of war.

Egypt's Foreign Ministry has expressed concern over Arab involvement in any future efforts to amend the international nuclear deal on Iran. In a statement, the ministry called for Arab participation in any future dialogue on regional issues, especially those related to possibly amending the nuclear deal with Iran. The ministry also said that Iran must abide by its commitments under the separate nuclear Non-Proliferation Treaty "in a way that ensures that Iran will remain a country free of nuclear weapons."

French Foreign Minister, Jean-Yves Le Drian, said on Wednesday the Iran deal was not dead despite U.S. President Trump's decision to pull out and that France wants to stick to the deal. French President Macron is set to speak with his Iranian counterpart, Hassan Rouhani, followed with another meeting between Britain and Germany, as well as meetings with oil giant Total and other major business and economic stakes in the region. Le Drian added that Iran has so far honored its end of the deal. Separately, China has joined a growing list of countries expressing their concern over the U.S. decision to pull out of an international nuclear deal. This follows Britain, France, Germany and Russia.

Iraq increased its production at Eni's Zubair field by 50,000 bpd to 475,000 bpd. Production increased following the completion of a new oil processing facility. Zubair's production capacity will increase gradually to 625,000 bpd, as three additional processing facilities are added.

Turnarounds in Canada will impact 500,000 to 600,000 bpd of oil sands and heavy oil output in Alberta and Saskatchewan through the third quarter.

IIR Energy reported that US oil refiners are expected to shut in 1.229 million bpd of capacity in the week ending May 11th, cutting available refining capacity by 54,000 bpd on the week. IIR expects offline capacity to fall to 828,000 bpd in the week ending May 18th.

According to Genscape, waterborne exports of US crude in April increased by 464,000 bpd on the month to 2.029 million bpd. The largest recipients of US crude exports in April were Asia and Europe, with exports of 825,000 bpd and 697,000 bpd, respectively.

Bloomberg reported that crude imports to the US Gulf Coast fell by 811,000 bpd to 1.96 million bpd in the week ending May 4th.

Early Market Call - as of 8:30 AM EDT

WTI - June \$71.49, up 35 cents
 RBOB - June \$2.1766, up 91 points
 HO - June \$2.2180, unchanged

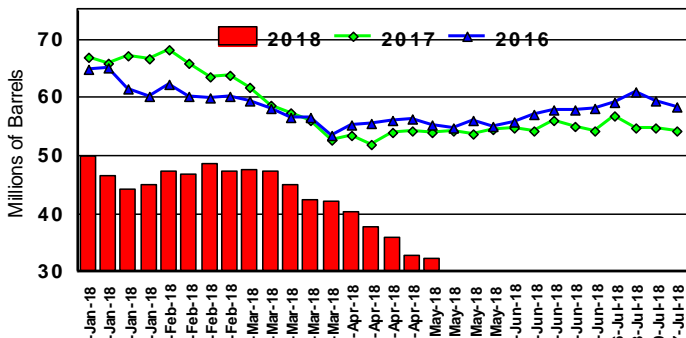
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-18	\$2.2180	\$0.0603	\$0.0965
Jul-18	\$2.2112	\$0.0608	\$0.0972
Aug-18	\$2.2085	\$0.0615	\$0.0987
Sep-18	\$2.2086	\$0.0613	\$0.0993
Oct-18	\$2.2081	\$0.0604	\$0.0987
Nov-18	\$2.2069	\$0.0593	\$0.0974
Dec-18	\$2.2040	\$0.0583	\$0.0967
Jan-19	\$2.2032	\$0.0577	\$0.0959
Feb-19	\$2.1973	\$0.0564	\$0.0928
Mar-19	\$2.1843	\$0.0547	\$0.0887
Apr-19	\$2.1650	\$0.0535	\$0.0851
May-19	\$2.1537	\$0.0529	\$0.0839
Jun-19	\$2.1462	\$0.0525	\$0.0827
Jul-19	\$2.1434	\$0.0520	\$0.0825
Aug-19	\$2.1439	\$0.0512	\$0.0812
Sep-19	\$2.1489	\$0.0506	\$0.0810
Oct-19	\$2.1547	\$0.0499	\$0.0813

Sprague HeatCurve Oct 2018-April 2019		\$2.1967
Other Front Month NYMEX		Close
Crude - WTI	July Brent- WTI Spread \$6.16	\$71.0500
Crude - Brent		\$77.2100
Natural Gas		\$2.7370
Gasoline		\$2.1673

EIA Weekly Petroleum Status Report for the Week Ending May 4, 2018

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 2.197 million barrels
 Cushing, OK Crude Stocks Up 1.388 million barrels
Gasoline Stocks Down 2.174 million barrels
Distillate Stocks Down 3.791 million barrels
Refinery % Operated 90.4%, Down 0.7%

PADD #1

Distillate Stocks (in million bbls)	Week Ending May 4, 2018	Week Ending April 27, 2018	Week Ending May 05, 2017
New England	4.5	4.9	7.9
Central Atlantic	16.8	17.8	33.9
Total PADD #1	32.1	32.8	54.0
Distillate Imports (thousands b/d)	83	61	92

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