

Market Commentary

Recap: Last week's slide in oil prices continued on Tuesday, with WTI falling as much as 3 percent, as hedge funds gave up on bets that prices had more upside potential. Spot WTI fell below \$66 a barrel, slipping below the 50-day moving average for the first time since April 6th. Brent held on to minor gains on mounting uncertainty over how quick OPEC would be able to ramp up production, or if in fact it would take a wait and see stance. Over the past five weeks, hedge funds and other money managers have cut their net long positions in both Brent and WTI by 169 million barrels, hinting at uncertainty as to whether or not oil prices would be able to sustain recent gains. July WTI fell \$1.15, or 1.7%, to settle at \$66.73 a barrel a 6-week low, while July Brent tacked on 9 cents, or 0.12%, to settle at \$75.39 a barrel.

June RBOB fell 1.7% to settle at \$2.144 a gallon, while June heating oil slipped 1.1%, settling at \$2.186 a gallon.

Fundamental News: Kinder Morgan temporarily shut down its Trans Mountain Pipeline on Sunday after a crude spill at its Darfield station near Kamloops in British Columbia. The spill was contained and about 100 liters of crude was leaked into the ground at the station. Later, Canada said it will buy Kinder Morgan's Trans Mountain oil pipeline and its proposed expansion project in an attempt to ensure that it is built. Finance Minister, Bill Morneau, said the pipeline purchase provided the federal jurisdiction needed to overcome British Columbia's opposition, but did not say how it could force the province to allow construction.

Goldman Sachs analysts said European oil companies' spending budgets are likely to be lower in 2018 and 2019 and added that along with improving project delivery, it will drive the strongest volume and cash flow growth in over 20 years. It said meetings with senior management of over 20 European energy companies confirmed that the firms were entering an age of restraint phase, characterized by disciplined investing, further consolidation and structural cost reductions.

Ecuador's Oil Minister, Carlos Perez, said OPEC should maintain oil production cuts at its next meeting.

The North Sea Oseberg crude stream will load four 600,000 barrel cargoes in July, down from five planned in June.

The head of the Norwegian Petroleum Directorate, Bente Nyland, said oil companies in Norway are raising their exploration spending more than expected. Firms such as Equinor and other operators are now expected to drill around 45 exploration and appraisal wells in 2018, up from an earlier forecast of about 35 for the year. In 2017, companies completed 34 wells off the coast of Norway.

Russia's Gazprom Neft said it will be able to raise its oil production by 1-3% once output restrictions from the OPEC deal are eased.

Russia's Lukoil has put its plans regarding Iran on hold. It said it decided not to go ahead with plans to develop projects in Iran due to threats of US sanctions. Lukoil expects its 2018 hydrocarbon production increase by 1-2%, driven mostly by gas.

IIR Energy reported that US oil refiners are expected to shut in 432,000 bpd of capacity in the week ending June 1st, increasing available refining capacity by 166,000 bpd on the week. IIR expects offline capacity to fall to 295,000 bpd in the week ending June 8th.

Early Market Call - as of 8:45 AM EDT

WTI - July \$67.21, up 49 cents
 RBOB - June \$2.2060, up 1.92 cents
 HO - June \$2.1643, up 2.02 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-18	\$2.1859	-\$0.0239	-\$0.0879
Jul-18	\$2.1808	-\$0.0244	-\$0.0889
Aug-18	\$2.1805	-\$0.0245	-\$0.0881
Sep-18	\$2.1829	-\$0.0250	-\$0.0887
Oct-18	\$2.1840	-\$0.0250	-\$0.0897
Nov-18	\$2.1847	-\$0.0244	-\$0.0891
Dec-18	\$2.1834	-\$0.0234	-\$0.0882
Jan-19	\$2.1843	-\$0.0228	-\$0.0875
Feb-19	\$2.1817	-\$0.0224	-\$0.0863
Mar-19	\$2.1743	-\$0.0218	-\$0.0839
Apr-19	\$2.1524	-\$0.0216	-\$0.0819
May-19	\$2.1571	-\$0.0210	-\$0.0796
Jun-19	\$2.1539	-\$0.0206	-\$0.0771
Jul-19	\$2.1521	-\$0.0203	-\$0.0755
Aug-19	\$2.1524	-\$0.0205	-\$0.0757
Sep-19	\$2.1585	-\$0.0204	-\$0.0757
Oct-19	\$2.1652	-\$0.0200	-\$0.0754

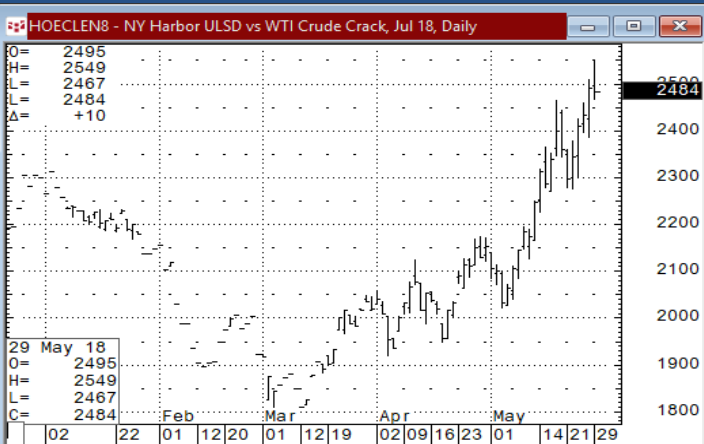
Sprague HeatCurve Oct 2018-April 2019 \$2.2157

Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-	\$66.7300	-\$1.1500
Crude - Brent	WTI Spread	\$75.3900	\$0.0900
Natural Gas	\$8.66	\$2.8750	-\$0.0640
Gasoline		\$2.1441	-\$0.0373

ICE July WTI-Brent Spread



July Heating Oil Crack Spread



July RBOB Crack Spread

