

Market Commentary

Recap: At the onset of trading, oil prices came under pressure, weighed down by rising U.S. production, as U.S. drillers continue to add to their active rig count, which is currently set at 824, the highest level since March 2015. Light profit taking came into play, pushing June WTI to a low of \$67.17, and June Brent to \$73.47. Prices reversed course after Israeli Prime Minister Netanyahu presented evidence to the world that Iran was in violation of its nuclear deal. Prices rose to fresh highs, with June WTI touching \$69.34 and June Brent peaking at \$75.41. Gains were pared prior to the settlement period, with June WTI settling at \$68.57 a barrel, up 47 cents, or 0.69% and June Brent tacking on 53 cents, or 0.71%.

May RBOB rose 0.23 cent, or 0.1%, to \$2.1292 a gallon, marking its highest level since Aug. 31, 2017, with the contract climbing 5.5% higher in April, its second straight monthly rise. May heating oil added 1.65 cents, or 0.8%, to \$2.1674 a gallon, representing its highest close since Feb. 27, 2015, while booking a monthly rise of around 6.9%, its largest monthly return since December of 2017. The May contracts expired at the day's settlement.

Fundamental News: The new US Secretary of State, Mike Pompeo, said after meeting Israeli Prime Minister, Benjamin Netanyahu, that the US is concerned by Iran's "destabilizing and malign activities." The former CIA director was speaking on a visit to the region, where he had earlier in the day met with Saudi King Salman and stressed the need for unity among Gulf allies as the US aims to muster support for new sanctions against Iran to cut its missile program. He also stated that the US would abandon the 2015 nuclear deal with Iran, unless talks with European partners yield improvements to ensure Iran never possess nuclear weapons.

Separately, Israeli Prime Minister, Benjamin Netanyahu, said Israel can reveal new and conclusive proof that Iran has been hiding nuclear weapons activity. He said Iran moved its nuclear weapons program to a secret location. Israel's Prime Minister said the country shared the intelligence with the US, which could vouch for its authenticity.

Iran's Supreme Leader, Ayatollah Ali Khamenei, accused the US of trying to widen a regional crisis by provoking Iran's rival Saudi Arabia to confront the Islamic Republic. Meanwhile, Iran's foreign minister, Mohammed Javad Zarif has said that the demand by U.S. President Trump to change Tehran's nuclear deal with world powers was unacceptable. Trump has said that unless European allies fix the "terrible flaws" in the deal by May 12, he would refuse to extend U.S. sanctions relief.

State TV quoted the head of Iran's Atomic Energy Organization, Ali Akbar Salehi, as saying that Iran has the technical capability to enrich uranium to a higher level than it could before a multinational nuclear deal was reached to curb its nuclear program. Under the deal, Iran's level of enrichment must remain around 3.6%.

According to a Reuters survey, OPEC's oil output fell in April to a one-year low due to declining output in Venezuela and lower shipments from producers in Africa. OPEC produced 32.12 million bpd in April, down 70,000 bpd on the month. Adherence by producers in the agreement increased to 162% in April from a revised 161% in March.

The EIA reported that US crude oil production in February increased by 260,000 bpd to 10.26 million bpd, the highest on record. Total oil demand in February increased by 2.4% or 460,000 bpd to 19.62 million bpd. Distillate demand in February increased by 1.5% or 57,000 bpd to 3.96 million bpd while gasoline demand fell by 1.9% or 169,000 bpd to 8.81 million bpd.

IIR Energy reported that US oil refiners are expected to shut in 1.185 million bpd of capacity in the week ending May 4th, increasing available refining capacity by 118,000 bpd from the previous week. IIR expects offline capacity to fall to 1.082 million bpd in the week ending May 11th.

Early Market Call - as of 8:25 AM EDT

WTI - June \$67.91, down 66 cents

RBOB - May \$2.1062, down 2.41 cents

HO - May \$2.1289, down 2.06 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-18	\$2.1674	\$0.0165	\$0.0265
Jun-18	\$2.1493	\$0.0150	\$0.0169
Jul-18	\$2.1433	\$0.0164	\$0.0149
Aug-18	\$2.1400	\$0.0169	\$0.0139
Sep-18	\$2.1409	\$0.0171	\$0.0141
Oct-18	\$2.1414	\$0.0171	\$0.0131
Nov-18	\$2.1408	\$0.0171	\$0.0120
Dec-18	\$2.1381	\$0.0171	\$0.0118
Jan-19	\$2.1363	\$0.0173	\$0.0118
Feb-19	\$2.1301	\$0.0180	\$0.0116
Mar-19	\$2.1174	\$0.0185	\$0.0111
Apr-19	\$2.0987	\$0.0190	\$0.0105
May-19	\$2.0865	\$0.0191	\$0.0105
Jun-19	\$2.0776	\$0.0196	\$0.0115
Jul-19	\$2.0746	\$0.0200	\$0.0120
Aug-19	\$2.0756	\$0.0202	\$0.0133
Sep-19	\$2.0800	\$0.0203	\$0.0146

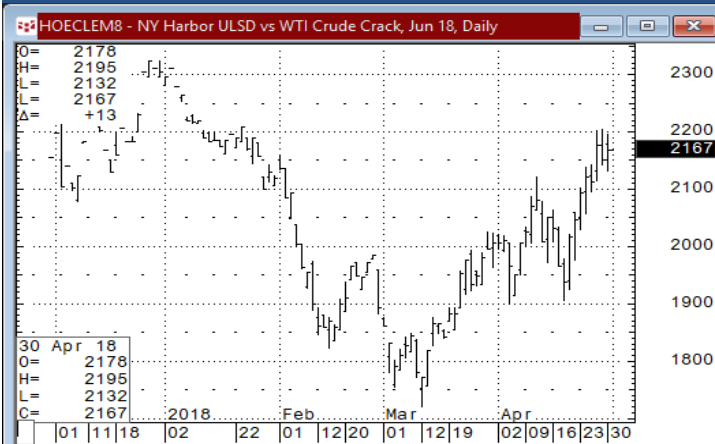
Sprague HeatCurve Oct 2018-April 2019 **\$2.1301**

Other Front Month NYMEX		Close	Change
Crude - WTI	June Brent-	\$68.5700	\$0.4700
Crude - Brent	WTI Spread	\$75.1700	\$0.5300
Natural Gas	\$6.60	\$2.7630	-\$0.0080
Gasoline		\$2.1292	\$0.0023

ICE July WTI-Brent Spread



June Heating Oil Crack Spread



June RBOB Crack Spread

