

Market Commentary

Recap: After opening the session at basically unchanged, oil prices drifted sideways in overnight trading before dipping below Friday's close. Prices recovered following discussions between U.S. President Donald Trump, Russia and China about the issuing of new debt to Venezuela. Fresh multiyear highs were achieved, amid concern over renewed U.S. sanctions against Iran and uncertainty about Venezuelan output following the country's election. For the first time since November 2014, WTI traded above \$72 a barrel, with the June contract hitting a high of \$72.53 a barrel, before trimming gains for a settlement at \$72.24 a barrel, up 96 cents, or 135%, while Brent rose to a high of \$79.43, severing gains for a settlement of \$79.22 a barrel, up 92 cents, or .9%.

June RBOB rose 1% to settle at \$2.257 a gallon, while June heating oil tacked on 0.4% to settle at \$2.274 a gallon.

Fundamental News: The pipeline that handles Nigeria's Bonny Light crude exports is scheduled to return to operation by Wednesday, according to a spokesman for Aiteo, which operates the pipeline. The leak in the pipeline was caused by sabotage. Royal Dutch Shell said a force majeure remained in place on shipments of Nigerian Bonny Light crude. It declared a force majeure on exports of Bonny Light following a shutdown of the Nembe Creek Trunk Line stream. Exports of Bonny Light crude was expected to run at about 195,000 bpd next month.

Exports of Nigeria's Forcados crude is scheduled to decline to 195,000 bpd in July from 298,000 bpd in June.

The Trump administration escalated its demands on Iran on Monday, putting Iran on notice that any new nuclear deal would require it to stop enriching all uranium and halt its support for militant groups in the region. The administration's demands were outlined in a speech by Secretary of State Mike Pompeo, which for the first time spelled out all of the administration's requirements for a new agreement. He said the administration would not try to renegotiate the old Iran deal. Instead, he outlined 12 basic requirements for a new deal, which toughened the nuclear demands and call for a wholesale change to Iran's military posture in the region. The US Secretary of State said the US is ready to respond if Iran decides to resume its nuclear program. He said the US would hold those doing prohibited business in Iran to account.

A UN Security Council panel is asking the world's largest oil traders to disclose the actions they are taking to stop the sale of crude oil and petroleum products to North Korea in violation of sanctions. The panel sent letters to 24 of the largest oil trading and refining companies, asking them to outline what measures they have in place to ensure that oil cargoes are not ultimately delivered to tankers controlled by North Korea.

Sources stated that OPEC is looking closely at a fall in Venezuela's output to see if the loss of supply from the member state warrants action by the group. This marks a shift from earlier this year, when OPEC officials downplayed the fall in Venezuela's production. Oil output in Venezuela reached a long-term low of 1.505 million bpd in April, almost 500,000 bpd below its OPEC output target.

A group of Libyan youths will shut down oilfields in Marada unless demands for better state services are met.

IIR Energy reported that US oil refiners are expected to shut in 655,000 bpd of capacity offline in the week ending May 25th, increasing available refining capacity by 524,000 bpd from the previous week. IIR expects offline capacity to fall to 605,000 bpd in the week ending June 1st.

Early Market Call - as of 8:25 AM EDT

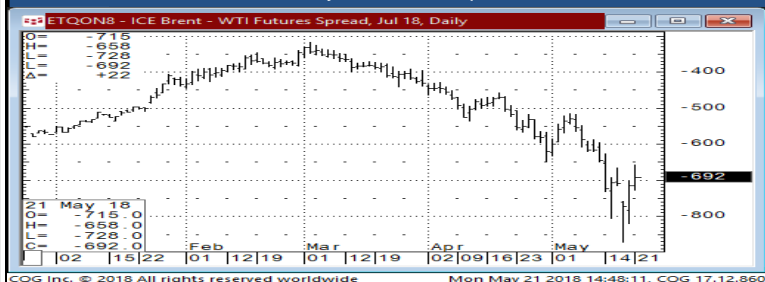
WTI - June \$72.52, up 31 cents
 RBOB - June \$2.2626, up 65 points
 HO - June \$2.2831, up 89 points

All NYMEX | Prior Settlements

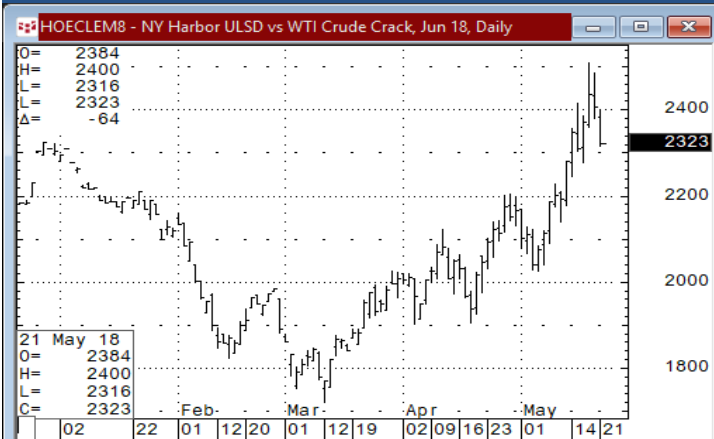
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-18	\$2.2738	\$0.0083	\$0.0242
Jul-18	\$2.2697	\$0.0106	\$0.0285
Aug-18	\$2.2686	\$0.0118	\$0.0308
Sep-18	\$2.2716	\$0.0130	\$0.0342
Oct-18	\$2.2737	\$0.0142	\$0.0370
Nov-18	\$2.2738	\$0.0150	\$0.0381
Dec-18	\$2.2716	\$0.0155	\$0.0383
Jan-19	\$2.2718	\$0.0160	\$0.0387
Feb-19	\$2.2680	\$0.0172	\$0.0405
Mar-19	\$2.2582	\$0.0179	\$0.0431
Apr-19	\$2.2281	\$0.0182	\$0.0465
May-19	\$2.2367	\$0.0184	\$0.0492
Jun-19	\$2.2310	\$0.0191	\$0.0519
Jul-19	\$2.2276	\$0.0192	\$0.0519
Aug-19	\$2.2281	\$0.0191	\$0.0520
Sep-19	\$2.2342	\$0.0189	\$0.0523
Oct-19	\$2.2406	\$0.0189	\$0.0527

Sprague HeatCurve Oct 2018-April 2019		\$2.2669	
Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-	\$72.3500	\$0.9800
Crude - Brent	WTI Spread	\$79.2200	\$0.7100
Natural Gas	\$6.87	\$2.8100	-\$0.0370
Gasoline		\$2.2565	\$0.0232

ICE July WTI-Brent Spread



June Heating Oil Crack Spread



June RBOB Crack Spread

