

Market Commentary

Recap: Oil futures gave up early gains on Thursday as global supply and demand worries erased earlier gains seen from an increase in Saudi Arabia's official crude selling price and a surprise rise in Chinese exports last month. Brent was up over 5%, while WTI was up as much as 10%. With projections for global demand to decrease by as much as 10.9% in 2020, to 88.7 million barrels per day from around 99.5 million in 2019, the early euphoria was lifted. June WTI fell 44 cents, or 1.8%, to \$23.55 a barrel after trading as high as \$26.74. It settled 2.3% lower on Wednesday to snap a five-session streak of gains. July Brent lost 26 cents, or 0.9%, at \$29.46 a barrel, following a 4% decline in the prior session. June RBOB tacked on 6.2% to 93.14 cents a gallon and June heating oil rose 1.6% to 83.71 cents a gallon.

Technical Analysis: June WTI continues to flirt with \$25 level, but has yet to gain enough momentum above this level. With the jobs report due out Friday, there will most likely be quite a bit of volatility in this market. This spot contract is trending within a slightly ascending triangle has been working toward the upper line, which is currently set at \$29.51. Should we get a break above \$27.25, the 50-day moving average, we would look for a run toward the upper trend line. Support is set at \$23 and below that at \$19.83. Keep an eye on the slow stochastics. It appears to be getting ready to cross to the downside, which will prompt a round of selling.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, May 5th increased by 407,107 barrels on the week but fell by 358,101 barrels from Friday, May 1st to 66,498,928 barrels.

According to a Reuters analysis of US state and company data, North American oil companies have cut production faster than OPEC officials and industry analysts expected, on course to cut about 1.7 million bpd by the end of June. The largest cuts are coming from Texas, with output cuts of about 20% of its capacity or 1 million bpd by the end of May.

Belarusian First Deputy Prime Minister, Dmitry Krutoy, said Belarus is considering importing US oil via Poland.

According to the General Administration of Customs, China's crude oil imports rebounded in April from a month earlier as refiners increased their output amid a recovery in fuel demand with the impact of the coronavirus outbreak easing while crude prices fell due to lower consumption elsewhere. China's crude imports totaled 40.43 million tons or 9.84 million bpd in April. That was more than the 9.68 million bpd imported in March, but well below 10.64 million bpd in April 2019. Imports during the first four months of the year reached 167.61 million tons, or 10.11 million bpd, 1.7% higher than the year-earlier period. The General Administration of Customs also reported that China exported 8 million tons of refined oil products in April, which compares with 7.26 million tons in March and 6.17 million tons in April 2019. Exports in the January to April period were 26.01 million ton, up 15% from the same period last year.

The US Labor Department reported that the number of initial unemployment benefit claims fell by 677,000 to 3.169 million in the week ending May 2nd. The four week moving average of claims fell to 4,173,500 in the week ending May 2nd. It reported that continuing unemployment benefit claims increased to 22.647 million in the week ending April 25th from 18.011 million in the previous week. The US insured unemployment rate increased to 15.5% in the week ending April 25th from 12.4% in the previous week.

Early Market Call - as of 8:20 AM EDT

WTI - June \$24.30, up 76 cents

RBOB - June \$9362, up 48 points

HO - June \$8539, up 1.69 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-20	0.8371	0.0131	-0.0040
Jul-20	0.8802	0.0066	0.0043
Aug-20	0.9205	0.0026	0.0049
Sep-20	0.9578	-0.0005	0.0036
Oct-20	0.9920	-0.0018	0.0032
Nov-20	1.0190	-0.0022	0.0043
Dec-20	1.0370	-0.0029	0.0073
Jan-21	1.0530	-0.0035	0.0118
Feb-21	1.0664	-0.0041	0.0159
Mar-21	1.0775	-0.0051	0.0190
Apr-21	1.0849	-0.0053	0.0205
May-21	1.0988	-0.0030	0.0174
Jun-21	1.1139	0.0007	0.0141
Jul-21	1.1334	0.0016	0.0141
Aug-21	1.1508	0.0019	0.0155
Sep-21	1.1644	0.0017	0.0177
Oct-21	1.1746	0.0010	0.0218

Sprague Heat Weighted Strip October -April 20/2021 \$1.0510

		Close	Change
Crude - WTI	June Brent-	\$24.8300	-\$0.7900
Crude - Brent	WTI Spread	\$29.4600	-\$0.2600
Natural Gas	\$4.63	\$1.8940	-\$0.0500
Gasoline		\$0.9314	\$0.0545

EIA Working Gas Storage Report

	01-May-20	24-Apr-20	Change	Year Ago
East	424	405	19	293
Midwest	530	506	24	304
Mountain	111	103	8	77
Pacific	228	218	10	159
South Central	1,027	979	48	690
Salt	331	314	17	231
Nonsalt	695	664	31	459
Total	2,319	2,210	109	1,523

Sprague HeatCurve October-April

ICE July Brent-WTI Spread

