

Market Commentary

Recap: On Friday, the oil market posted an outside trading day following three consecutive days of losses, as it continued to trend lower in overnight trading before it rallied sharply higher. Early in the session, the market remained pressured and posted a low of \$61.56 as it braced for the return of Iranian crude supplies following a statement made by Iran's President that the main issues in reviving the 2015 nuclear deal were resolved and a broad framework on an agreement was in place. However, the market retraced its previous losses and rallied amid the news of a storm forming in the Gulf of Mexico. The market rallied over \$2 as it posted a high of \$64.07 by mid-day and settled in a sideways trading pattern ahead of the close. The July WTI contract settled up \$1.64 cents at \$63.58, while the July Brent contract settled up \$1.33 at \$66.44. Meanwhile, the heating oil market settled up 2.38 cents at \$1.9882 and the RBOB market settled up 2.13 cents at \$2.0685.

Technical Analysis: The crude market will likely retrace some of its gains, barring any development of the storm forming in the Gulf of Mexico over the weekend. The market is seen finding resistance at its highs of \$64.07, \$65.35 and \$66.42. Meanwhile, support is seen at \$61.89, \$60.55, \$60.38 and \$59.65.

Fundamental News: Barclays said a gradual oil demand recovery is largely on track as economies re-open, adding that it remained constructive on oil prices despite rising coronavirus cases across Asia and a potential return of Iranian supplies. It said an agreement to revive the Iranian nuclear deal may pose some downside risk to its second half of 2021 oil price forecasts but could also result in a slower tapering of OPEC+ cuts. The bank expects Brent and WTI oil prices to average \$66/barrel and \$62/barrel, respectively, this year. It sees prices \$5-\$6/barrel higher in 2022.

Deutsche Bank said that a reintroduction of Iran to global oil markets before July could upset third quarter balances with the oil market more equipped to handle additional supply the following quarter. It said the third quarter deficit stands at only 1.2 million bpd and re-entry then would also overlap with OPEC+'s ongoing output increase and added that fourth quarter balances estimated at a deficit of 2.6 million bpd are less vulnerable.

The head of commodities research at Standard Chartered, Paul Horsnell, said global oil inventory drawdowns will be at their highest level in July and August, allowing balances to tighten further in the third quarter before easing. Gasoline inventory draws in the East Coast and elsewhere have more than offset builds on the Gulf Coast following the Colonial Pipeline outage. Global demand was estimated at 94.47 million bpd in March, while current demand is estimated at 95.45 million bpd. Standard Chartered sees Iran's output at 3 million bpd in the fourth quarter and 3.8 million bpd in the fourth quarter.

Baker Hughes reported that the oil and gas rig count increased by two to 455 in the week ending May 21st, its highest level since April 2020. U.S. oil rigs increased by four to 356 this week, their highest since April 2020, while gas rigs fell by one to 99.

IIR Energy reported that U.S. oil refiners are expected to shut in 696,000 bpd of capacity in the week ending May 21st, increasing available refining capacity by 259,000 bpd from the previous week.

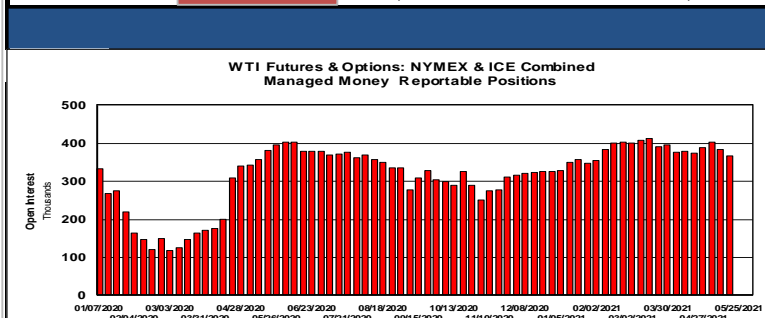
Early Market Call - as of 8:25 AM EDT

WTI - July \$64.42, up 83 cents
 RBOB - June \$2.0970, up 2.85 cents
 HO - June \$2.0091, up 2.09 cents

All NYMEX | Prior Settlements

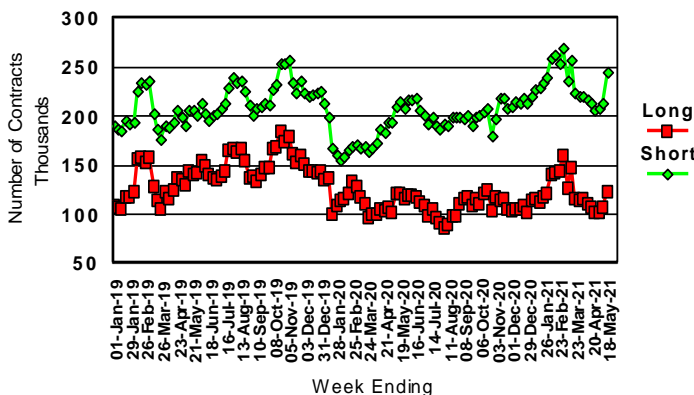
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-21	1.9882	0.0238	-0.0480
Jul-21	1.9876	0.0241	-0.0469
Aug-21	1.9888	0.0241	-0.0463
Sep-21	1.9911	0.0244	-0.0460
Oct-21	1.9923	0.0247	-0.0458
Nov-21	1.9932	0.0249	-0.0453
Dec-21	1.9922	0.0246	-0.0450
Jan-22	1.9915	0.0245	-0.0447
Feb-22	1.9872	0.0242	-0.0449
Mar-22	1.9787	0.0240	-0.0445
Apr-22	1.9662	0.0240	-0.0439
May-22	1.9590	0.0238	-0.0432
Jun-22	1.9536	0.0236	-0.0427
Jul-22	1.9527	0.0234	-0.0426
Aug-22	1.9524	0.0234	-0.0422
Sep-22	1.9532	0.0235	-0.0414
Oct-22	1.9548	0.0235	-0.0410

Sprague HeatCurve October 2021-April 2022		\$1.9869
	Close	Change
Crude - WTI	\$63.5800	\$1.6400
Crude - Brent	\$66.4400	\$1.3300
Natural Gas	\$2.9060	-\$0.0190
Gasoline	\$2.0685	\$0.0213



Commitment of Traders Report for the Week Ending May 18, 2021

Producer/Merchant Heat Positons CFTC Commitment of Traders Report



Managed Money Heat Positons CFTC Commitment of Traders Report

