

Market Commentary

Recap: Oil prices finished at their highest level in three months on Wednesday, as news that OPEC+ producers have reached an agreement to extend recent production cutbacks into July. While weekly declines in U.S. crude stockpiles and supplies at the Cushing, Okla. storage hub reported by the Energy Information Administration on Wednesday helped to support crude oil prices, these gains were still tempered by bearish inventory builds in products which resulted in total oil inventories to grow by 15.1 million barrels on the week. July WTI settled at \$37.29 a barrel, up 48 cents, or 1.3%, while Brent for August delivery tacked on 22 cents, or 0.6%, to settle at \$39.79 a barrel. July RBOB rose 0.09% to \$1.1193 a gallon and July heating oil lost 2.5% to \$1.0646 a gallon.

Technical Analysis: We see the bloated inventories of distillate and jet kero as drag on a bullish overall outlook for the oil market in the U.S. Current distillate stocks already stand between 34-38 million barrels over the pre-season peak inventory levels of the past two years. In PADD #1 current stocks stand between 15-18.6 million barrels above pre heating season peak inventory levels of the prior two years. Oil prices should continue to struggle to the upside, as product demand remains sluggish from a stubborn impact from the coronavirus pandemic, which could very well be dragged out by further infections driven by political protests from the past week in major metropolitan areas. As for WTI, our stance remains the same, and that is for prices to continue higher, working toward the gap, which in the July contract is set between \$37.64 and \$41.88. Support is set at \$34.72 and below that at \$33.37.

Fundamental News: OPEC+ sources stated that OPEC leader Saudi Arabia and non-OPEC Russia have agreed a preliminary deal to extend existing record oil production cuts by one month while raising pressure on countries with poor compliance to deepen their output cuts. Rather than easing output cuts in July, OPEC and its allies, a group known as OPEC+, were discussing keeping those cuts beyond June. A source stated that any agreement on extending the cuts is conditional on countries who have not fully complied in May deepening their cuts upcoming months to offset their overproduction. However, there was no agreement yet on whether to hold an OPEC+ output policy meeting on Thursday with the main obstacle being how to deal with countries that have failed to make the deep supply cuts required under the existing pact. Saudi Arabia proposed to postpone the next OPEC+ meeting to mid-June to review compliance. Later on Wednesday, sources stated that OPEC+ plans to hold its Joint Technical Committee and Joint Ministerial Monitoring Committee meetings around mid-June. Separately, two sources stated that Gulf OPEC producers Saudi Arabia, Kuwait and the United Arab Emirates have no plans to extend beyond June their voluntary additional oil cuts of 1.18 million bpd.

The Trump administration has shelved all but one of the oil and gas lease sales it had scheduled for this month. Sales in Utah and Colorado have been officially postponed in addition to the recent delay of June auctions in Nevada and Mississippi. The US Bureau of Land Management did not give a reason for the delays. A sale by the bureau of 135 leases covering 169,750 acres in Wyoming is scheduled for June 23rd and 24th.

Occidental Petroleum Corp is removing non-essential workers from some central Gulf of Mexico facilities ahead of Tropical Storm Cristobal. It said the company's Gulf of Mexico operations are continuing uninterrupted. Other Gulf of Mexico operators, including Chevron Corp, Exxon Mobil Corp, BHP Petroleum and Hess Corp said they are monitoring the storm but have not evacuated workers so far.

IIR Energy reported that US oil refiners are expected to shut in about 3.7 million bpd of capacity in the week ending June 5th, increasing available refining capacity by 552,000 bpd from the previous week.

Early Market Call - as of 8:25 AM EDT

WTI - July \$36.97, down 32 cents

RBOB - July \$1.1264, up 71 points

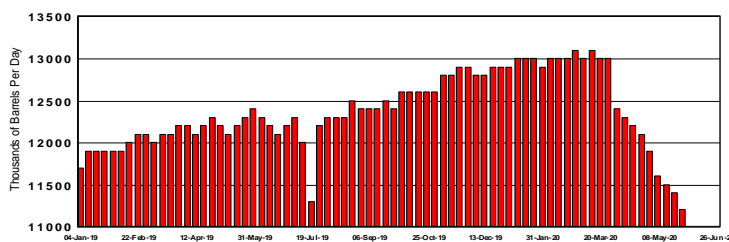
HO - July \$1.0656, up 10 points

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jul-20	1.0646	-0.0275	-0.0547
Aug-20	1.0972	-0.0212	-0.0555
Sep-20	1.1266	-0.0169	-0.0545
Oct-20	1.1521	-0.0129	-0.0559
Nov-20	1.1746	-0.0102	-0.0575
Dec-20	1.1927	-0.0086	-0.0588
Jan-21	1.2107	-0.0073	-0.0593
Feb-21	1.2269	-0.0061	-0.0603
Mar-21	1.2396	-0.0054	-0.0604
Apr-21	1.2458	-0.0048	-0.0596
May-21	1.2533	-0.0043	-0.0596
Jun-21	1.2628	-0.0039	-0.0588
Jul-21	1.2793	-0.0039	-0.0583
Aug-21	1.2945	-0.0039	-0.0577
Sep-21	1.3070	-0.0039	-0.0573
Oct-21	1.3188	-0.0039	-0.0574
Nov-21	1.3281	-0.0041	-0.0585

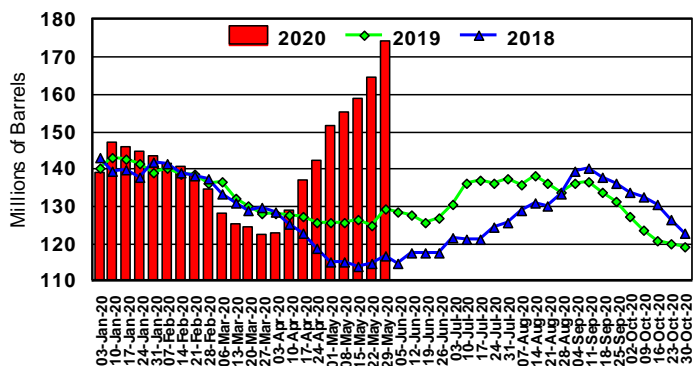
Sprague Heat Weighted Strip October -April 20/2021			\$1.2098
		Close	Change
Crude - WTI	Aug Brent- WTI Spread \$2.20	\$37.5900	\$0.5300
Crude - Brent		\$39.7900	\$0.2200
Natural Gas		\$1.8210	\$0.0440
Gasoline		\$1.1193	\$0.0010

U.S. Domestic Crude Production



Weekly EIA Petroleum Status Report for the Week Ending May 29, 2020

Distillate Stocks Total U.S.



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 2.077 million barrels

Cushing, OK Crude Stocks Down 1.739 million barrels

Gasoline Stocks Up 2.795 million barrels

Distillate Stocks Up 9.934 million barrels

Refinery % Operated 71.8%, up 0.5%

PADD #1

Distillate Stocks (in million bbls)	Week Ending May 29, 2020	Week Ending May 22, 2020	Week Ending May 31, 2019
New England	11.8	10.3	5.4
Central Atlantic	35.0	32.9	21.5
Total PADD #1	62.2	57.9	40.8
Distillate Imports (thousands b/d)	149	132	87