

Market Commentary

Recap: After an initial sell-off, oil futures recovered, with WTI closing higher for the fifth time in the past six sessions. A decision by the OPEC+ group to raise output quotas in July and August by a higher amount than normal initially created some selling of crude-oil, but investors quickly decided it would do little near-term to ease tight global supplies. Bullish EIA numbers also provided support, along with a weaker U.S. dollar. Oil supplies fell by 5.1 million barrels, to 414.7 million barrels, to move about 15% below the five-year average, the EIA said. Analysts predicted crude stockpiles would fall by just 500,000 barrels from the prior week. WTI July delivery gained \$1.61 per barrel, or 1.40% to \$116.87, while Aug gained \$1.32 per barrel, or 1.14% to \$117.61. ULSD for July delivery gained 6.51 cents per gallon, or 1.57% to \$4.2084. RBOB for July delivery gained 11.93 cents per gallon, or 2.93% to \$4.1909.

Technical Analysis: WTI is up more than 50% for the year. The strength of demand across the economy has driven some portion of the gain, while the rest is attributable to limited supply. Much of the world has placed restrictions on Russian oil in response to the country's invasion of Ukraine. Although it might seem like further gains in oil could be hard to come by, that isn't what investors and traders seem to believe. In May, a net total of about \$13 billion flowed into exchange-traded products and other investment vehicles that buy oil futures, according to data from RBC. That marked a sudden reversal from the net outflows seen in the past several months. And the inflows could easily continue. When steady withdrawals from funds suddenly give way to cash flowing in, inflows generally continue for a while, the RBC data show. Not even production increases seem able to stem the surge in prices. On Thursday, OPEC agreed to boost oil output by more than it had planned, but the price of oil gained just over 1% to \$116 a barrel by mid-afternoon. The rise in oil might look staggering, but it isn't letting up quite yet. Buying by investors and traders speculating on the market is another factor contributing to the surge, which pushing inflation higher and forcing the Federal Reserve to raise interest rates in response. And that is the key factor behind this year's double-digit losses for the S&P 500. As of now, WTI has broken out of the long standing sideways pattern by settling above \$116.64 and remains within the upward channel. We would like to see a second settlement above \$116.64 before adding on more length. Above this level, additional resistance is set at \$118.79 and above that at \$120. On the downside, expect to encounter support set at \$114.17 and below that at \$110.

Fundamental News: The EIA reported that U.S. East Coast distillate inventories fell in the week ending May 27th to the lowest level on record. East Coast distillate stocks fell to about 21 million barrels. Meanwhile, East Coast refiner utilization rate increased to 98.2%, the highest level since July 2018. The EIA also reported that crude stocks in the SPR fell by 5.4 million barrels to 526.6, the lowest level since June 1987.

Bharat Ramamurti, deputy director of the National Economic Council, said the White House is looking at and considering a U.S. congressional proposal to tax oil and gas windfall profits in order to provide a subsidy to consumers.

Russia warned that the European Union's decision to partially phase out Russian oil would likely destabilize global energy markets, calling it a 'self-destructive' step that could backfire on the bloc.

An EU official said the European Union's sixth package of sanctions against Russia, approved on Thursday, includes an immediate ban on new insurance contracts for ships carrying Russian oil and existing contracts are to be phased out over 6 months.

Saudi Arabia and other OPEC+ producers agreed to bring forward oil production increases to offset Russian output losses. OPEC+ said it agreed to increase output by 648,000 bpd in July and by 648,000 bpd in August compared with the initial plan to raise output by 432,000 bpd a month over three months until September. Its next meeting is scheduled for June 30th.

Early Market Call - as of 9:00 AM EDT

WTI - July \$117.19 Up 0.32

RBOB - July \$4.2249 Up 0.0334

HO - July \$4.2759 Up 0.0733

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-22	4.2084	0.0651	0.3579
Jul-22	4.1017	0.0698	0.3351
Aug-22	4.0087	0.0707	0.2421
Sep-22	3.9178	0.0657	0.2953
Oct-22	3.8281	0.0628	0.2849
Nov-22	3.7386	0.0621	0.2775
Dec-22	3.6509	0.0598	0.2602
Jan-23	3.5542	0.0584	0.2356
Feb-23	3.4482	0.0571	0.2072
Mar-23	3.3399	0.0555	0.1798
Apr-23	3.2471	0.0546	0.1424
May-23	3.1616	0.0535	0.1066
Jun-23	3.0993	0.0508	0.0776
Jul-23	3.0460	0.0510	0.0544
Aug-23	3.0076	0.0533	0.0387
Sep-23	2.9711	0.0545	0.0208
Oct-23	2.9455	0.0561	0.0162

Sprague HeatCurve October 2022-April 2023			\$3.6290
		Close	Change
Crude - WTI	July Brent-WTI Spread \$3.31	\$114.3000	\$1.5800
Crude - Brent		\$117.6100	\$1.3200
Natural Gas		\$8.4850	-\$0.2110
Gasoline		\$4.1909	\$0.1193

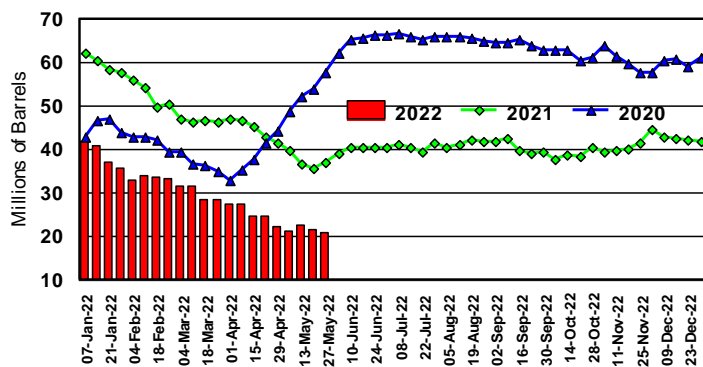
EIA Working Gas Storage Report

	27-May-22	20-May-22	Change	27-May-21
East	357	325	32	409
Midwest	420	391	29	519
Mountain	113	109	4	150
Pacific	195	190	5	266
South Central	817	797	20	955
Salt	248	251	-3	299
Nonsalt	569	546	23	656
Total	1,902	1,812	90	2,299

Weekly EIA Petroleum Status Report for the Week Ending May 27, 2022

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 5.1 million barrels
Cushing, OK Crude Stocks Up 256,000 barrels
Gasoline Stocks Down 711,000 barrels
Distillate Stocks Down 530,000 barrels
Refinery % Operated 92.6%, down 0.6%

PADD #1

Distillate Stocks (in million bbls)	Week Ending May 27, 2022	Week Ending May 20, 2022	Week Ending May 28, 2021
New England	3.1	2.9	6.9
Central Atlantic	8.8	8.5	18.5
Total PADD #1	21.0	21.6	37.2
Distillate Imports (thousands b/d)	209	30	492