

Market Commentary

Recap: Oil prices that have been stuck in neutral for most of the week jumped higher on Thursday, alongside a jump in US equities. WTI crude was recently trading 3.3% higher at \$113.93 a barrel. After a lackluster start to the week, futures are finding some bullish momentum in the latter half. Part of the increase is due to data yesterday showing draws in crude and product storage levels. According to yesterday's EIA petroleum report, commercial crude stocks dropped by 1 million barrels. However, the total crude draw was much larger with the addition of a 6M-barrel release from US strategic reserves. Additionally, gasoline stockpiles are also extremely low at the start of the U.S. summer driving season, which could put additional upward pressure on crude oil prices. WTI for July delivery gained \$3.76 per barrel, or 3.41% to \$114.09, while July Brent gained \$3.37 per barrel, or 2.96% to \$117.40. RBOB Gasoline for June delivery gained 4.57 cents per gallon, or 1.19% to \$3.8774 and ULSD for June delivery gained 10.16 cents per gallon, or 2.63% to \$3.9680

Technical Analysis: Thursday's higher move reaffirmed the uptrend, as July WTI pushed above \$113. As of now, we are looking for a run at \$116.64, the top of the sideways pattern that can be depicted on a daily spot continuation chart. A break below the 10-day moving average could see this market back down to \$105. We would still look to be buyers down to the \$105 level.

Fundamental News: Refinitiv expects 3.83 million tons of diesel and gasoil to arrive in Europe from other regions in May, significantly lower than April's levels.

Iran's Foreign Minister, Hossein Amir-Abdollahian, said Iran has made "minimal but good progress" in relations with Saudi Arabia, adding that he may meet his Saudi counterpart soon in a third country. He also told the World Economic Forum that Iran still saw the removal of Western economic sanctions against the country as a key stumbling block in nuclear talks. He said Tehran believed U.S. President Joe Biden's administration was continuing his predecessor Donald Trump's maximum pressure policy and needed to take quick decisions on removing sanctions in order to see progress at the talks.

Six OPEC+ sources stated that OPEC+ is set to stick to an oil production deal agreed last year at its meeting on June 2nd and raise July output targets by 432,000 bpd, despite Western calls for a faster increase to lower surging prices. Members from the group maintain that the oil market is balanced and that the recent price hikes are not related to fundamentals. In April, OPEC+ produced 2.6 million bpd below its targets, with Russia accounting for half of the shortfall.

Germany's Economy Minister, Robert Habeck, said the European Union can still strike a deal on a Russian oil embargo in the coming days or look to "other instruments" if no agreement is reached. He said all EU countries had to reduce their oil dependency. Brussels has already proposed giving Hungary, Slovakia and the Czech Republic more time to impose an embargo, compared with other EU states. The EU also offered up to 2 billion euros or \$2.1 billion for oil infrastructure to help those countries pivot to non-Russian supplies. However, Hungary said about 750 million euros would be needed in short-term investments to withstand an embargo, while a total modernization of its energy system would cost billions.

The U.S. Commerce Department confirmed the economy contracted in the first quarter under the weight of a record trade deficit and a slightly slower pace of inventory accumulation compared to the fourth quarter. It reported that GDP fell at a 1.5 annualized rate last quarter. That was revised down from the 1.4% pace of decline reported in April. The economy grew at a 6.9% pace in the fourth quarter.

Early Market Call - as of 8:50 AM EDT

WTI - July \$113.38, down 71 cents
 RBOB - June \$3.8645, down 89 points
 HO - June \$3.9114, down 5.43 cents

All NYMEX | Prior Settlements

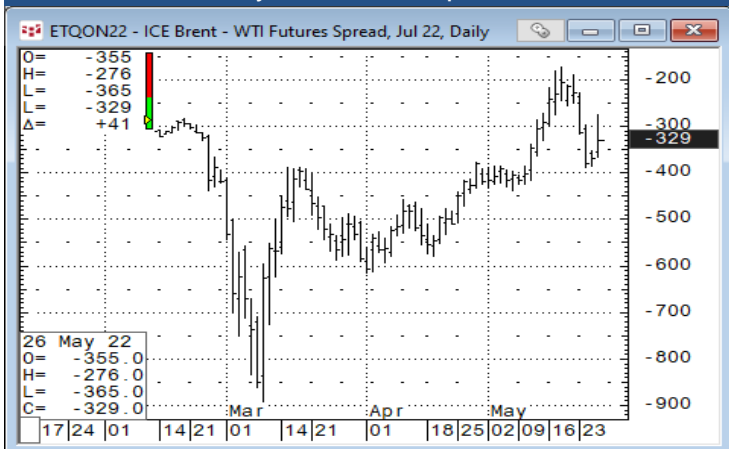
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-22	3.9680	0.1016	0.1760
Jul-22	3.8505	0.1014	0.1834
Aug-22	3.7666	0.0984	0.1851
Sep-22	3.6966	0.0907	0.1151
Oct-22	3.6225	0.0836	0.1819
Nov-22	3.5432	0.0777	0.1746
Dec-22	3.4611	0.0718	0.1640
Jan-23	3.3907	0.0661	0.1532
Feb-23	3.3186	0.0601	0.1430
Mar-23	3.2410	0.0531	0.1318
Apr-23	3.1601	0.0468	0.1230
May-23	3.1047	0.0420	0.1248
Jun-23	3.0550	0.0364	0.1241
Jul-23	3.0217	0.0331	0.1208
Aug-23	2.9916	0.0309	0.1145
Sep-23	2.9689	0.0283	0.1100
Oct-23	2.9503	0.0259	0.1077

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	July Brent- WTI Spread \$3.31	\$114.0900	\$3.7600
Crude - Brent		\$117.4000	\$3.3700
Natural Gas		\$8.9080	-\$0.0630
Gasoline		\$3.8774	\$0.0457

EIA Working Gas Storage Report

	20-May-22	13-May-22	Change	20-May-21
East	325	296	29	381
Midwest	391	364	27	495
Mountain	109	103	6	143
Pacific	190	187	3	255
South Central	797	781	16	925
Salt	251	251	0	294
Nonsalt	546	531	15	631
Total	1,812	1,732	80	2,199

ICE July Brent-WTI Spread



WTI Forward Curve

