

## Market Commentary

**Recap:** After moving higher in overnight trading on Friday, oil prices traded mostly flat in what was a volatile session. In early trading, July Brent was up 61 cents at \$73.23 a barrel by 6:22 am EDT, while June WTI added 77 cents, to trade at a session high of \$63.64 a barrel. The early support was provided by rising concern over the potential of further supply disruptions in the Middle East after suspected Iranian attacks on Saudi oil installations. The recent rise in prices comes just ahead of the upcoming OPEC committee meeting set to take place June 25-26. Gains were seivered by a slide in equity markets and a rise in the dollar. Both Brent and WTI slipped below unchanged and by 12:11 pm EDT, June Brent slipped to a fresh session low of \$71.78 a barrel, down 84 cents, while June WTI fell to a session low of \$62.52 a barrel, down 34 cents. Losses were pared prior to the settlement period, with July Brent losing 41 cents, or 0.56 percent, to settle at \$72.21 a barrel, up 2.3% on the week. June WTI fell 11 cents or 0.17 percent to settle at \$62.76 a barrel, for a weekly gain of 1.8%. June RBOB fell 1.5 cents, or 0.7%, to \$2.047 a gallon, up 2.9% for the week, while June heating oil shed 2.8 cents, or 1.3%, to \$2.096 a gallon, settling up 2.2% for the week.

**Technical Analysis:** For the seventh straight week WTI settled above \$61.66, the 50% retracement marked by the December low of \$43.74 and the October high of \$79.58. The slow stochastics are set high but have not breached the overbought level of 80 and do not appear to be getting ready to cross to the down side. This, combined with a strong weekly finish, leads us to believe that we will see higher prices at the onset of trading for the week beginning May 20<sup>th</sup>. Support is set at \$62.00 and the aforementioned 50% retracement level of \$61.66. Resistance is set at \$63.82 and above that at \$65.00.

**Fundamental News:** Baker Hughes reported that US energy firms reduced the number of oil rigs operating for the second consecutive week. It reported that drillers cut three oil rigs in the week ending May 17<sup>th</sup>, bringing the total count down to 802.

Bank of America Merrill Lynch said de-escalation of a trade war could result in a weaker dollar and stronger global growth, which along with International Maritime Organization changes to shipping fuel rules could raise Brent oil price to \$90/barrel. However, prices could dip to \$50/barrel if the US-China trade war hurts consumer sentiment, which could eventually lead to an economic downturn.

Iran's Foreign Minister, Mohammad Javad Zarif, said the international community and remaining signatories of Iran's nuclear deal should act to save the accord as "supportive statements" are not enough.

A deputy head of Iran's elite Revolutionary Guards said short-range Iranian missiles could reach US warships in the Gulf, and added that the US could not afford a new war. Separately, a senior Iranian military official accused US President Donald Trump of dishonesty, saying the US was calling for talks while "holding a gun" at Iran. Rasoul Sanai-Rad, a political deputy of the armed forces command, said "the behavior of American leaders is a political game which consists of threats and pressure while showing a willingness to negotiate in order to present a peaceful image of themselves and fool public opinion."

Russia's oil output from May 1-16 fell to 11.156 million bpd, below the 11.18 billion bpd level set as part of the global oil deal between OPEC and its allies.

IIR Energy reported that US oil refiners are expected to shut in 802,000 bpd of capacity in the week ending May 17<sup>th</sup>, increasing the available refining capacity by 288,000 bpd from the previous week. Offline capacity is expected to fall to 437,000 bpd in the week ending May 24<sup>th</sup>.

### Early Market Call - as of 7:35 AM EDT

WTI - June \$62.98, up 22 cents

RBOB - June \$2.0424, down 38 points

HO - June \$2.0976, up 20 points

## All NYMEX | Prior Settlements

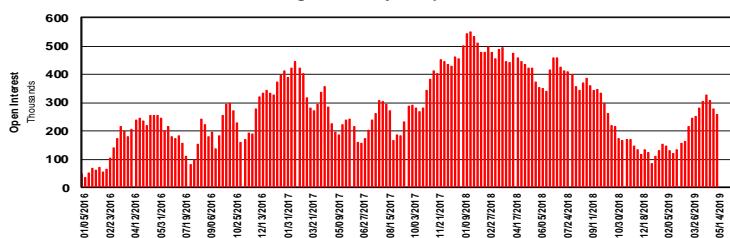
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-19	\$2.0955	-\$0.0277	\$0.0451
Jul-19	\$2.0963	-\$0.0273	\$0.0443
Aug-19	\$2.0993	-\$0.0264	\$0.0423
Sep-19	\$2.1048	-\$0.0257	\$0.0409
Oct-19	\$2.1095	-\$0.0256	\$0.0382
Nov-19	\$2.1124	-\$0.0250	\$0.0348
Dec-19	\$2.1133	-\$0.0242	\$0.0315
Jan-20	\$2.1125	-\$0.0238	\$0.0281
Feb-20	\$2.1046	-\$0.0234	\$0.0247
Mar-20	\$2.0906	-\$0.0227	\$0.0222
Apr-20	\$2.0718	-\$0.0219	\$0.0202
May-20	\$2.0595	-\$0.0208	\$0.0197
Jun-20	\$2.0508	-\$0.0199	\$0.0197
Jul-20	\$2.0464	-\$0.0191	\$0.0199
Aug-20	\$2.0428	-\$0.0183	\$0.0203
Sep-20	\$2.0409	-\$0.0174	\$0.0212
Oct-20	\$2.0383	-\$0.0170	\$0.0205

### Sprague HeatCurve Oct 2019-Apr 2020

\$2.1040

Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-	\$62.9200	-\$0.1400
Crude - Brent	WTI Spread	\$72.2100	-\$0.4100
Natural Gas	\$9.29	\$2.6310	-\$0.0080
Gasoline		\$2.0473	-\$0.0145

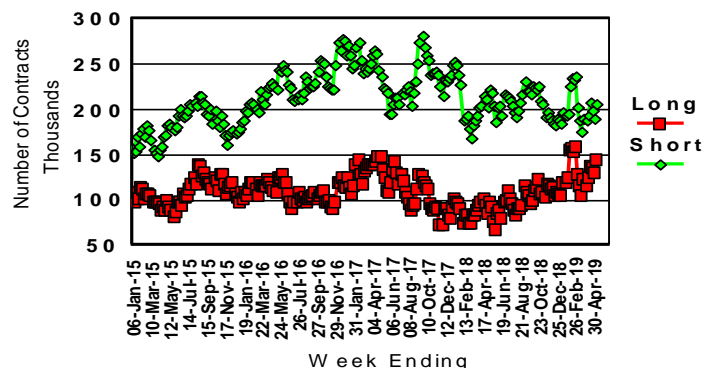
WTI Futures & Options: NYMEX & ICE Combined  
Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending May 14, 2019

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

