

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** The oil market posted an inside trading day on Monday as traders weighed the impact of the Federal Reserve potentially raising interest rates and weaker Chinese manufacturing data against the OPEC+ supply cuts taking effect this month. The market opened 12 cents lower and posted a high of \$76.69 before it started to retrace its previous gains seen on Friday. The market was pressured as the U.S. dollar rose amid the expectations that the Fed, which meets on Tuesday and Wednesday, is expected to increase interest rates by another 25 basis points. The market also focused on weak economic data from China. China's manufacturing Purchasing Managers' Index fell to 49.2 in April from 51.9 in March, falling below the 50 point level that separates expansion and contraction in activity. The market, which attempted to trade back towards its high, sold off and posted a low of \$74.53 ahead of the close. The June WTI contract settled down \$1.12 at \$75.66 and the Brent contract settled down \$1.02 at \$79.31. However, the product markets ended the session in positive territory, with the heating oil market settling up 52 points at \$2.3823 and the RB market settling up 2.03 cents at \$2.5504.

**Technical Analysis:** On Tuesday, the oil market will likely remain in its sideways trading range from \$73.93 to \$78.00 ahead of the Fed meeting and the release of the weekly petroleum stocks reports. The market is seen finding support at its lows of \$74.53 and \$73.93 followed by \$73.89, \$72.76, \$72.33, \$71.76 and \$71.19. Meanwhile, resistance is seen at \$76.69, \$76.92 and \$77.93. Further upside is seen at \$79.07, \$79.18 and \$79.81.

**Fundamental News:** According to ship tracking data and analysts, U.S. crude oil exports increased more than expected in April, building on a record 4.5 million bpd in March, as Chinese refiners snapped up cargoes to meet rising fuel demand. U.S. crude exports increased by 22% last year from 2021 after Russia's invasion of Ukraine led the European Union, Britain, Canada and the U.S. to ban imports of Russian oil and changed global flows. Kpler and Refinitiv Eikon data showed that April exports to China were set to reach about 850,000 bpd, the highest since May 2020, as exports to Europe and other Asian countries fell. However, analysts said record March-April exports overall are unlikely to continue. Energy Aspects estimates that U.S. exports in May will fall to about 3.78 million bpd.

IIR Energy reported that U.S. oil refiners are expected to shut in 570,000 bpd of capacity in the week ending May 5<sup>th</sup>, increasing available refining capacity by 570,000 bpd. IIR added that offline capacity is expected to fall to 475,000 bpd in the week ending May 12<sup>th</sup>.

Colonial Pipeline Co is allocating space for Cycle 27 on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina. The current allocation is for the pipeline segment north of Collins, Mississippi. Colonial Pipeline is also allocating space for Cycle 27 shipments on Line 2, its main distillate line from Houston, Texas to Greensboro, North Carolina. The allocation is for the pipeline segment north of Collins, Mississippi.

U.S. manufacturing increased from a three-year low in April as new orders improved slightly and employment rebounded, but activity remained depressed amid higher borrowing costs and tight credit. The Institute for Supply Management said that its manufacturing PMI increased to 47.1 in April from 46.3 in March, which was the lowest reading since May 2020. It was the sixth consecutive month that the PMI remained below the 50 threshold, which indicates contraction in manufacturing.

S&P Global said its final manufacturing Purchasing Managers' Index in April stood at 50.2, down from a flash reading of 50.4.

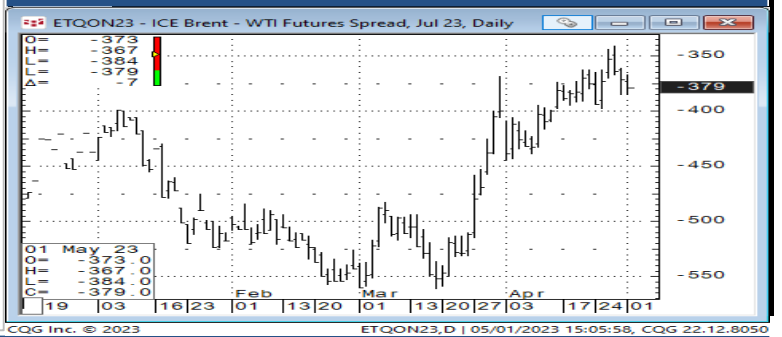
**Early Market Call - as of 8:20 AM EDT**

**WTI - June \$75.51, down 13 cents**  
**RBOB - June \$2.5393, down 1.11 cents**  
**HO - June \$2.3772, down 51 points**

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-23	2.3823	0.0052	-0.1403
Jul-23	2.3840	0.0021	-0.1357
Aug-23	2.3911	-0.0003	-0.1313
Sep-23	2.4008	-0.0013	-0.1252
Oct-23	2.4089	-0.0016	-0.1187
Nov-23	2.4105	-0.0018	-0.1147
Dec-23	2.4079	-0.0017	-0.1130
Jan-24	2.4098	-0.0027	-0.1094
Feb-24	2.4083	-0.0030	-0.1043
Mar-24	2.3988	-0.0028	-0.0992
Apr-24	2.3797	-0.0030	-0.0952
May-24	2.3682	-0.0045	-0.0935
Jun-24	2.3576	-0.0058	-0.0924
Jul-24	2.3540	-0.0059	-0.0893
Aug-24	2.3506	-0.0058	-0.0869
Sep-24	2.3475	-0.0058	-0.0852
Oct-24	2.3439	-0.0058	-0.0838

Sprague HeatCurve October 2023-April 2024			\$2.4049
		Close	Change
Crude - WTI	July Brent- WTI Spread \$3.80	\$75.5100	-\$1.1000
Crude - Brent		\$79.3100	-\$1.0200
Natural Gas		\$2.3180	-\$0.0920
Gasoline		\$2.5504	\$0.0203

### ICE July Brent-WTI Spread



### June Heating Oil Crack Spread

### June RBOB Crack Spread

