

Market Commentary

Recap: May WTI rebounded on Tuesday, its expiration day, from an unprecedented negative settlement a day earlier as prices for the new front-month June contract lost 43%. Expectations the U.S. and global oil storage capacity will fill up over the next several weeks has fueled volatility for prices as traders weigh upcoming production cuts by major oil producers. Trading was tense, as the oil glut, and diminishing storage space, combined to demolish crude oil values. The expiring May contract rose \$47.64 to settle at \$10.01 a barrel. The new front-month June WTI oil contract fell 43.4%, or \$8.86, to settle at \$11.57. June Brent fell \$6.24, or 24.4%, to settle at \$19.33 a barrel, on track for the lowest finish since February 2002. May RBOB settled down 23.6% at \$1.03 cents a gallon and May heating oil lost 18.1% to 72.69 cents per gallon.

Technical Analysis: As the June contract steps into the forefront, it is now trading below psychological support set at \$20.00. Trading is likely to remain volatile, as it is surrounded by several critical influences. With global producers facing a lack of storage space due to plunging demand, combined with the fact that the December contract is now below \$30, it appears that traders are bearish for the remainder of 2020. We would look for the June contract to take over where the May left off and head into negative territory. At this point we would look to sell rallies that show signs of exhaustion.

Fundamental News: On Monday, US President, Donald Trump, said his administration would consider halting Saudi crude oil imports as a measure to support the US drilling industry. He described the fall as short-term and stemming from a "financial squeeze," but said the oil industry was hurting from a lack of demand, as states have imposed stay-in-place restrictions to curb the spread of the virus. He also reiterated that his administration plans to fill the SPR. The Energy Department is in the process of leasing some of the 77 million barrels of available space in the SPR to US oil companies to help them deal with the lack of commercial storage as the coronavirus outbreak cuts domestic energy demand. Separately, US President Trump asked his cabinet to devise a plan to inject cash into the ailing US oil-drilling industry to help it survive a historic decline in oil prices.

While official US government data shows that storage at Cushing, Oklahoma is 70% full as of mid-April, traders say that the leftover space is spoken for by firms sending oil to the hub. Traders said new tank leases at Cushing have been halted, blocking anyone trying to buy up last minute space. Even if there is physical space, when there is no more leasing available, barrels can get rejected.

Saudi Arabia said it is monitoring oil markets and is ready to take extra measures to stabilize the markets along with OPEC+ allies and other oil producers.

The Kremlin said on Tuesday that contacts between leading global oil producers could be set up to discuss their output deal if needed after oil prices fell sharply due to overproduction and the global spread of the novel coronavirus.

An OPEC source said some OPEC ministers are holding a conference call on Tuesday to discuss oil market development. They are discussing implementing the agreed oil output cuts immediately instead of waiting to start on May 1st. OPEC members Algeria, Nigeria, Venezuela and Iraq along with non-OPEC producers Kazakhstan and Azerbaijan are part of Tuesday's conference call. However, Saudi Arabia, Kuwait and the UAE are not participating in the OPEC conference.

A Wall Street Journal reporter tweeted that OPEC is debating a possible May 10th meeting to discuss deeper production cuts.

Early Market Call - as of 8:25 AM EDT

WTI - June \$11.66, up 9 cents

RBOB - May \$.5833, up 7.3 cents

HO - May \$.7529, up 2.6 cents

All NYMEX | Prior Settlements

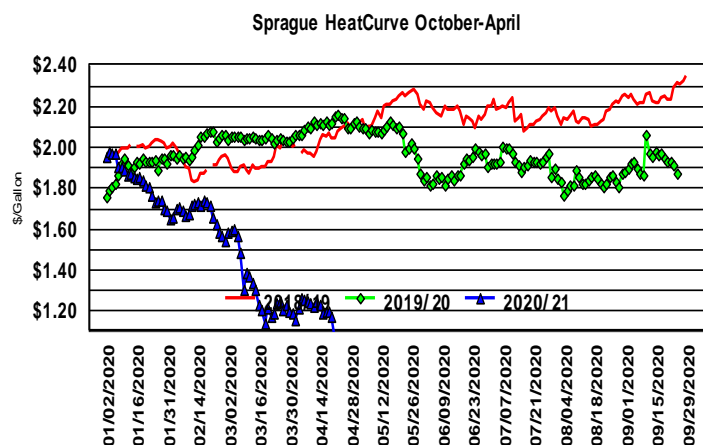
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
May-20	0.7269	-0.1609	0.2173
Jun-20	0.7667	-0.1485	0.2198
Jul-20	0.8211	-0.1400	0.2142
Aug-20	0.8769	-0.1339	0.2063
Sep-20	0.9264	-0.1302	0.2004
Oct-20	0.9698	-0.1269	0.1938
Nov-20	1.0047	-0.1238	0.1867
Dec-20	1.0304	-0.1215	0.1823
Jan-21	1.0536	-0.1190	0.1786
Feb-21	1.0721	-0.1164	0.1751
Mar-21	1.0871	-0.1141	0.1720
Apr-21	1.0954	-0.1130	0.1701
May-21	1.1053	-0.1123	0.1685
Jun-21	1.1166	-0.1128	0.1669
Jul-21	1.1350	-0.1135	0.1667
Aug-21	1.1529	-0.1138	0.1659
Sep-21	1.1671	-0.1141	0.1665

Sprague Heat Weighted Strip October -April 20/2021			\$1.0502
Other Front Month NYMEX		Close	Change
Crude - WTI	June Brent-	\$11.5700	-\$7.3000
Crude - Brent	WTI Spread	\$19.3300	-\$6.2400
Natural Gas	\$7.76	\$1.8210	-\$0.1030
Gasoline		\$0.5103	-\$0.1580

API Report for the Week Ending April 17, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 13.2 million barrels	Up 15 million barrels
Cushing, OK Crude Stocks	Up 5.4 million barrels	Up 5 million barrels
Gasoline Stocks	Up 3.4 million barrels	Up 3.6 million barrels
Distillate Stocks	Up 7.6 million barrels	Up 2.8 million barrels
Refinery Runs	Down 100,000 bpd	Down 2.2%
Crude Imports	Up 132,000 bpd	

Sprague HeatCurve October-April



NYMEX WTI June-December Spread

