

Market Commentary

Recap: Oil prices plummeted on Tuesday, as trade tensions between the U.S. and China dimmed the outlook for demand. Brent crude futures fell to their lowest level in 8 weeks, with the July contract slipping 5.5%, to a session low of \$67.02 a barrel. July WTI slumped 6.6% to a 10 week low of \$57.33 a barrel. Traders unloaded risk as global equity markets tumbled. The sell-off triggered stops below \$60.00, which added to the downward move. July WTI shed \$3.51, or 5.7%, to settle at \$57.91 a barrel, with prices at the lowest most-active contract settlement since March 12. July Brent fell \$3.23, or 4.6%, to \$67.76 a barrel, which represented its lowest settlement since March 25. June RBOB fell 3.9% to \$1.913 a gallon and June heating oil settled at \$1.962 a gallon, down 4.2%.

Technical Analysis: WTI suffered a technical meltdown on Tuesday, with the July contract falling below several key technical indicators. This spot contract pushed its 200-day moving average of \$60.66, and triggered sell-stops below \$60.00. Tuesday's activity has shifted the major trend to the downside, with short sellers entering the market. Coming into Friday's trading session we would look for a run at \$56.04, the 38% retracement set by the October high of \$75.20 and the December low of \$44.20. Below \$56.04, additional support can be found at \$55.19. Resistance is set at \$59.20 and above that at \$63.36.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, May 21st increased by 1,080,504 barrels and by 331,682 from Friday, May 17th to 51,312,457 barrels.

Transpetrol said Russian crude oil flows into Slovakia via the Druzhba pipeline resumed on Wednesday. Separately, Czech pipeline operator, Mero, said Russian oil shipments had not yet reached the Czech Republic after the restart of supplies via the Druzhba pipeline to neighboring Slovakia. It expects shipments to the Czech Republic to resume by the end of May. Meanwhile, Polish pipeline operator, Pern, said there is a chance clean oil will flow to Poland on June 9th under the condition that the claims by Polish and German refineries are confirmed.

Industry sources stated that Russia is using rail, storage tanks and ships to remove contaminated oil from the Druzhba pipeline and has so far extracted about 2 million tons of the tainted oil or over a third of the volumes impacted. A total of about 5 million tons could have been contaminated by organic chloride, according to the Belarusian operator of a section of the Druzhba pipeline. It said that up to six months are needed to fully restore the flows. Russia, Belarus and Ukraine still have the majority of the contaminated crude in their pipeline system or up to 2 million tons, with another 1 million stuck in Poland and Germany. Efforts inside Russia and Belarus to remove the tainted oil are critical because until it is removed, normal flows or clean oil to export markets cannot resume.

Iran's President, Hassan Rouhani, said Iran will not surrender to US pressure and will not abandon its goals even if it is bombed. Earlier, a senior commander of Iran's Revolutionary Guards said the standoff between Iran and the US is a "clash of wills". He suggested that any enemy "adventurism" would meet a crushing response.

Royal Dutch Shell started producing oil and gas at its Apomattax deepwater platform in the Gulf of Mexico, ahead of its expected startup in the third quarter of 2019. Shell said the floating production system will produce about 175,000 bpd of oil and gas equivalent. The company's offshore production is on track to reach 900,000 bpd of oil equivalent by 2020.

Early Market Call - as of 9:05 AM EDT

WTI - July \$58.78, up 86 cents
 RBOB - June \$1.9243, up 89 points
 HO - June \$1.9743, up 1.19 cents

All NYMEX | Prior Settlements

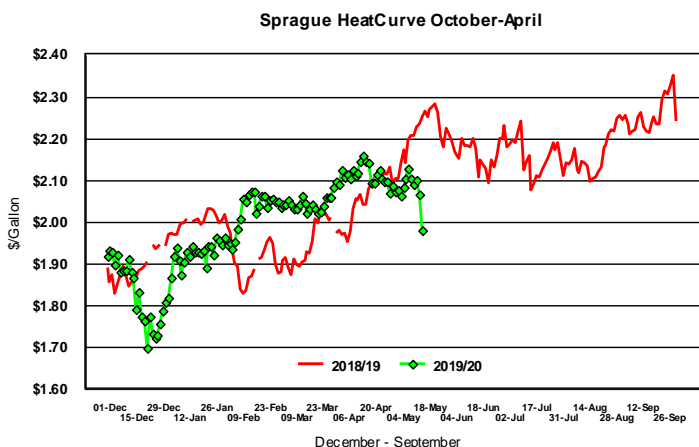
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-19	\$1.9624	-\$0.0867	-\$0.1608
Jul-19	\$1.9631	-\$0.0875	-\$0.1605
Aug-19	\$1.9663	-\$0.0881	-\$0.1594
Sep-19	\$1.9729	-\$0.0876	-\$0.1576
Oct-19	\$1.9792	-\$0.0868	-\$0.1559
Nov-19	\$1.9835	-\$0.0861	-\$0.1539
Dec-19	\$1.9854	-\$0.0859	-\$0.1521
Jan-20	\$1.9864	-\$0.0854	-\$0.1499
Feb-20	\$1.9813	-\$0.0845	-\$0.1467
Mar-20	\$1.9709	-\$0.0832	-\$0.1424
Apr-20	\$1.9555	-\$0.0816	-\$0.1382
May-20	\$1.9458	-\$0.0800	-\$0.1345
Jun-20	\$1.9398	-\$0.0787	-\$0.1309
Jul-20	\$1.9375	-\$0.0775	-\$0.1280
Aug-20	\$1.9364	-\$0.0762	-\$0.1247
Sep-20	\$1.9361	-\$0.0752	-\$0.1222
Oct-20	\$1.9347	-\$0.0747	-\$0.1206

Sprague HeatCurve Oct 2019-Apr 2020		\$1.9793	
Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-	\$57.9100	-\$3.5100
Crude - Brent	WTI Spread	\$67.7600	-\$3.2300
Natural Gas	\$9.85	\$2.5780	\$0.0350
Gasoline		\$1.9133	-\$0.0779

EIA Working Gas Storage Report

	17-May-19	10-May-19	Change	Year Ago
East	353	330	23	296
Midwest	364	336	28	285
Mountain	89	82	7	106
Pacific	186	174	12	212
South Central	762	731	31	718
Salt	249	240	9	225
Nonsalt	513	491	22	493
Total	1,753	1,653	100	1,616

Sprague HeatCurve October-April



ICE July Brent-WTI Spread

