

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil prices climbed for the third straight session on Thursday, as tensions in the Mid-East heated after a Saudi-led coalition launched air strikes on Iranian aligned Houthi forces in Yemen. June WTI was up \$1.46, or 2.3 percent, at \$73.36 a barrel by 11:26 EDT, its highest level in three weeks. July Brent rose \$1.59, or 2.2 percent, to \$73.36 a barrel. Prices continue to rise despite the 5.4 million barrel build in U.S. inventories, as OPEC led production cuts, U.S. sanctions against Iran and Venezuela and Mid-East tensions overshadow increasing U.S. production. Gains were trimmed, with June WTI settling at \$62.87 a barrel, up 85 cents, or 1.37 percent, and July Brent settling at \$72.62 a barrel, up 85 cents or 1.18 percent. June RBOB rose 4.9 cents, or 2.4%, to \$2.062 a gallon, while June heating oil added 3.7 cents, or 1.8%, to \$2.123 a gallon.

**Technical Analysis:** WTI is closing in on the upper trend line of the ascending channel that appears on a daily spot continuation chart, while holding above the 10, 50 and 200-day moving averages. With moving oscillators crossed and pointing to the upside, we would look for continued higher moves, with June WTI taking a shot at the upper trend line, which is currently set at \$63.72. Breaks above this line opening up for a run at the projected upside objective of \$66.43, however, it will have to get past \$65.00. Support is set at \$62.00 and below that at \$61.30.

**Fundamental News:** Saudi Arabia's Vice Minister of Defense, Khalid bin Salman, accused Iran of ordering an attack on Saudi oil installations that Yemen's Iran-aligned Houthi militia has claimed responsibility for. He said in a tweet that the Houthi attacks against Saudi Aramco's facilities showed that the group was an Iranian tool which Iran used to implement its agenda in the region. Other Saudi officials also expressed similar sentiments, increasing pressure on the country's arch enemy in the region. The head of the Houthis' Supreme Revolutionary Committee denied that Iran directed the strike and said the movement manufactures its drones locally. Iran also denies providing arms to the Houthis.

Iran's Foreign Minister, Mohammad Javad Zarif, said Iran is committed to its obligations under an international nuclear deal despite the US withdrawal from the 2015 nuclear accord. He called the reimposition of US sanctions "unacceptable." Separately, the spokesman for the Atomic Energy Organization of Iran said the country has no plans to launch centrifuge machines able to enrich uranium at a higher capacity or to alter its relations with the UN's IAEA. Last week, Iran notified Britain, France, Germany, China and Russia that it would scale back some commitments under its 2015 nuclear deal. Iran's initial move, involving the stockpiling of some nuclear materials, did not appear to violate the deal's terms. However, Iran warned that unless the other signatories to the deal protect Iran's economy from US sanctions within 60 days, Iran would start refining uranium to a fissile purity above that deemed suitable for fueling civilian power plants.

Britain's Foreign Secretary, Jeremy Hunt, said Britain shares the same assessment as the US of the heightened threat posed by Iran.

US President, Donald Trump, said he hoped the US was not heading to war with Iran as he prepared to meet with Switzerland President Ueli Maurer. The Washington Post reported late Wednesday that President Trump preferred a diplomatic route with Iran and direct talks with its leaders but worried that some of his advisers were pushing war.

Britain's Foreign Secretary, Jeremy Hunt, said Britain shares the same assessment as the US of the heightened threat posed by Iran.

Frontline raised security levels on its oil tankers in the Middle East.

### Early Market Call - as of 8:35 AM EDT

WTI - June \$63.28, up 42 cents

RBOB - June \$2.0737, up 1.16 cents

HO - June \$2.1219, down 12 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-19	\$2.1232	\$0.0369	\$0.0796
Jul-19	\$2.1236	\$0.0357	\$0.0784
Aug-19	\$2.1257	\$0.0348	\$0.0754
Sep-19	\$2.1305	\$0.0338	\$0.0725
Oct-19	\$2.1351	\$0.0322	\$0.0697
Nov-19	\$2.1374	\$0.0298	\$0.0653
Dec-19	\$2.1375	\$0.0270	\$0.0606
Jan-20	\$2.1363	\$0.0250	\$0.0562
Feb-20	\$2.1280	\$0.0230	\$0.0520
Mar-20	\$2.1133	\$0.0211	\$0.0481
Apr-20	\$2.0937	\$0.0197	\$0.0446
May-20	\$2.0803	\$0.0185	\$0.0427
Jun-20	\$2.0707	\$0.0177	\$0.0416
Jul-20	\$2.0655	\$0.0171	\$0.0405
Aug-20	\$2.0611	\$0.0167	\$0.0397
Sep-20	\$2.0583	\$0.0164	\$0.0394
Oct-20	\$2.0553	\$0.0160	\$0.0379

Sprague HeatCurve Oct 2019-Apr 2020			\$2.1277
Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-	\$63.0600	\$0.8200
Crude - Brent	WTI Spread	\$72.6200	\$0.8500
Natural Gas	\$9.56	\$2.6390	\$0.0380
Gasoline		\$2.0618	\$0.0491

### EIA Working Gas Storage Report

	10-May-19	03-May-19	Change	Year Ago
East	330	299	31	270
Midwest	336	309	27	263
Mountain	82	78	4	97
Pacific	174	162	12	203
South Central	731	699	32	689
Salt	240	234	6	214
Nonsalt	491	466	25	474
Total	1,653	1,547	106	1,523

## Sprague HeatCurve October-April

## ICE July Brent-WTI Spread

