

Market Commentary

Recap: Oil futures were mixed on Tuesday, with Brent gaining support as some governments announced the easing of coronavirus related restrictions and WTI falling as U.S. stockpile rise toward record highs amid tightening storage and waning demand. June WTI gave up early gains sparked by reports of a bomb explosion on an oil tanker in Syria. Traders are cautioned, as we have to wait and see if the explosion was a one-time thing, or if it will lead to a string of incident. Against that backdrop, June WTI briefly traded as high of \$13.69 a barrel before turning lower again to settle down by 44 cents, or 3.4%, at \$12.34 a barrel. It had been trading as low as \$10.07 before news of the tanker explosion. June Brent climbed by 47 cents, or nearly 2.4%, to \$20.46 a barrel, after a 6.8% drop to \$19.99 on ICE Futures Europe on Monday. May RBOB rose 2.9% to 66.72 cents a gallon and May heating oil added 3.3% to 63.08 cents a gallon.

Technical Analysis: June WTI came down to test support set at \$10, but bounced off of it. With the overall bearish fundamentals, we are still looking for a break below this level, with the possibility of trading in negative territory. Support below \$10 is set at \$6.50. The first line of resistance is set at \$14.54 and above that at \$17.65, the 10 day moving average.

Fundamental News: Refinitiv Oil Research stated that transatlantic diesel and gasoil arriving into Europe this week is expected to fall by about 25% on the week to 150,000 tons. April arrivals from the US were expected to close lower than the previous month at just under 400,000 tons, May arrivals to date are tracking at just 77,000 tons.

Texas energy regulators next week will vote on a controversial proposal to reduce the state's oil production after delaying it on concerns of legal challenges. The vote follows a motion submitted by Texas Railroad Commissioner, Ryan Sitton, who had already been vocal about the need for curtailments to address low oil prices. His motion calls for curtailments of 20% of the state's output and if agreed, cuts would remain place until the Railroad Commission of Texas determines that global demand has surpassed 85 million bpd of oil.

According to a notice published by the North Dakota Industrial Commission, North Dakota regulators plan on May 20th to consider whether oil production at low prices represents a waste of resources. The decision on whether oil production at certain prices is economic waste could allow regulators and operators to take actions to help stabilize prices, including mandating production cuts or allowing operators to shut wells without losing valuable leases.

According to Petrologistics, OPEC's crude oil supply in April is at its highest level since December 2018, as producers produce at will before a new supply cut agreement takes effect in May. It reported that oil production increased more than 2 million bpd. April's increase is being driven by "record supply from Saudi Arabia, the UAE and Kuwait, despite the country cutting its production in advance of the May 1st curtailment.

Russian Energy Minister, Alexander Novak, said oil markets would start balancing out once an output deal took effect, but no significant rise in prices was likely in the near future due to high levels of global storage. Separately, the head of production and transportation department at the Energy Ministry, Alexander Gladkov, said the price of oil is expected to average \$30/barrel this year.

Abu Dhabi National Oil Co informed its customers of a cut in its crude oil nominations for June in line with a decision by OPEC+ this month to cut oil supplies. Nominations for both Murban and Upper Zakum crude grades will be cut by 20% each, while Das and Umm Lulu grades will be cut by 5% each.

Early Market Call - as of 8:25 AM EDT

WTI - June \$14.50, up \$2.15

RBOB - May \$6.980, up 3.08 cents

HO - May \$6.650, up 3.42 cents

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
May-20	0.6308	0.0204	0.0961
Jun-20	0.7108	0.0072	0.0559
Jul-20	0.7745	0.0014	0.0466
Aug-20	0.8325	-0.0012	0.0444
Sep-20	0.8798	-0.0030	0.0466
Oct-20	0.9198	-0.0054	0.0500
Nov-20	0.9524	-0.0087	0.0523
Dec-20	0.9781	-0.0107	0.0523
Jan-21	1.0031	-0.0115	0.0505
Feb-21	1.0242	-0.0115	0.0479
Mar-21	1.0418	-0.0108	0.0453
Apr-21	1.0535	-0.0093	0.0419
May-21	1.0676	-0.0078	0.0377
Jun-21	1.0823	-0.0068	0.0343
Jul-21	1.1028	-0.0052	0.0322
Aug-21	1.1221	-0.0039	0.0308
Sep-21	1.1377	-0.0025	0.0294

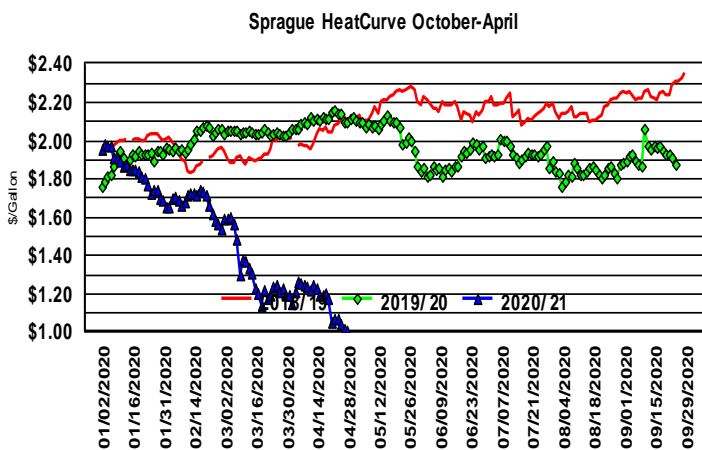
Sprague Heat Weighted Strip October -April 20/2021 \$1.0013

Other Front Month NYMEX	Close	Change
Crude - WTI	\$12.3400	-\$0.4400
Crude - Brent	\$20.4600	\$0.4700
Natural Gas	\$1.7940	-\$0.0250
Gasoline	\$0.6672	\$0.0189

API Report for the Week Ending April 24, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 9.98 million barrels	Up 10.6 million barrels
Cushing, OK Crude Stocks	Up 5.4 million barrels	
Gasoline Stocks	Down 1.1 million barrels	Up 2.5 million barrels
Distillate Stocks	Up 5.5 million barrels	Up 3.6 million barrels
Refinery Runs	Up 11,000 bpd	Down 0.7%
Crude Imports	Up 220,000 bpd	

Sprague HeatCurve October-April



NYMEX WTI June-December Spread

