

Market Commentary

Recap: The oil market on Thursday retraced nearly all of its gains seen earlier this week as Russia downplayed the prospect of further OPEC+ production cuts at its meeting next week. The market traded mostly sideways and posted a high of \$74.37 in overnight trading. However, the market breached its previous low and began its sharp selloff of over \$3.30 as it posted a low of \$70.98 by mid-day. The market was pressured after Russia's Deputy Prime Minister, Alexander Novak, said he did not believe additional OPEC+ cuts were likely. The crude market was also weighed down by the uncertainty surrounding the U.S. debt ceiling. The July WTI contract later retraced some of its losses ahead of the close and settled down \$2.51 at \$71.83. The July Brent contract settled down \$2.10 at \$76.26. Meanwhile, the product markets also settled in negative territory, with the heating oil market settling down 6.75 cents at \$2.3462 and the RB market settling down 4.77 cents at \$2.6735.

Technical Analysis: The oil market on Friday will likely retrace some of its losses ahead of the weekend and settle in a sideways trading range as it continues to wait for further development on the debt ceiling negotiations. The market is seen finding support at its low of \$70.98 followed by \$70.59, \$70.05, \$69.39-\$69.32, \$68.46 and \$68.04. Resistance is seen at \$72.00, \$72.75, \$73.50 and its highs of \$74.37 and \$74.73. Further upside is seen at \$75.93, \$76.11, \$76.69, \$76.92 and \$77.93.

Fundamental News: Top OPEC producers and their main allies have given conflicting messages about their next oil policy moves, making it particularly difficult to predict the outcome of the next OPEC+ meeting in early June. Remarks by Saudi Arabian Energy Minister Prince Abdulaziz bin Salman warning short sellers to "watch out" pushed the market up by as much as 2%. His comments were interpreted by some investors as a signal that OPEC and its allies could consider further output cuts when it meets on June 4th in Vienna. Last week, Russian President Vladimir Putin seemed to be on the same page saying that oil production cuts were required to maintain a certain price level. However, a week later, Russia's President said oil prices were approaching "economically justified" levels, indicating there could be no immediate change to the group's production policy. On Thursday, Russia's Deputy Prime Minister, Alexander Novak, said he expected no new steps from the OPEC+ group of oil producers at its meeting in Vienna on June 4th. The state-owned news agency RIA reported that Russia's Deputy Prime Minister expects the price of Brent crude to be above \$80/barrel by the end of the year.

The U.S. will hold its first sale of oil and gas drilling rights on federal lands since the passage of President Joe Biden's climate change law, with more than 10,000 acres on offer in New Mexico and Kansas.

Colonial Pipeline Co is allocating space for Cycle 32 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

The National Oceanic and Atmospheric Administration said the Atlantic hurricane season will bring an average number of ocean storms and hurricanes this year. NOAA forecasters estimate 12 to 17 named storms of which five to nine of those will develop into hurricanes and one to four will become major hurricanes during the June 1st to November 30th season. NOAA Administrator Rick Spinrad said there is a 40% chance of a normal hurricane season and 30% chances each of an above-average or below-average season. Meanwhile, Matthew Rosencrans, NOAA's lead hurricane forecaster, said NOAA estimates a 93% chance of an El Nino weather phenomenon during the core hurricane season.

Early Market Call - as of 7:50 AM EDT

WTI - July \$72.52, up 69 cents
 RBOB - June \$2.6969, up 2.34 cents
 HO - June \$2.3748, up 2.86 cents

All NYMEX | Prior Settlements

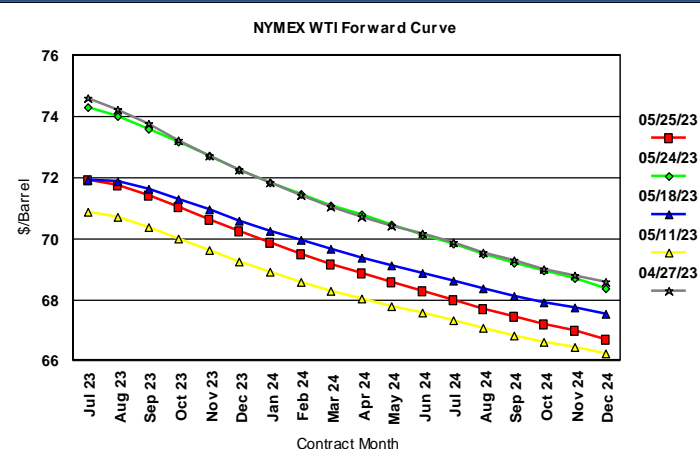
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-23	2.3462	-0.0675	-0.0564
Jul-23	2.3366	-0.0653	-0.0488
Aug-23	2.3383	-0.0641	-0.0442
Sep-23	2.3467	-0.0630	-0.0397
Oct-23	2.3524	-0.0614	-0.0370
Nov-23	2.3532	-0.0602	-0.0344
Dec-23	2.3495	-0.0599	-0.0330
Jan-24	2.3498	-0.0592	-0.0303
Feb-24	2.3454	-0.0580	-0.0287
Mar-24	2.3338	-0.0573	-0.0286
Apr-24	2.3150	-0.0570	-0.0289
May-24	2.3046	-0.0568	-0.0296
Jun-24	2.2967	-0.0565	-0.0306
Jul-24	2.2930	-0.0550	-0.0313
Aug-24	2.2903	-0.0538	-0.0315
Sep-24	2.2887	-0.0528	-0.0313
Oct-24	2.2881	-0.0522	-0.0308

Sprague HeatCurve October 2023-April 2024		\$2.3440
	Close	Change
Crude - WTI	\$71.8300	-\$2.5100
Crude - Brent	\$76.2600	-\$2.1000
Natural Gas	\$2.3070	-\$0.0910
Gasoline	\$2.6735	-\$0.0477

EIA Working Gas Storage Report

	19-May-23	12-May-23	Change	19-May-22
East	489	458	31	321
Midwest	546	520	26	390
Mountain	120	112	8	108
Pacific	139	127	12	192
South Central	1042	1023	19	796
Salt	294	290	4	252
Nonsalt	748	734	14	545
Total	2336	2240	96	1,807

WTI Forward Curve



ICE July Brent-WTI Spread

