

Market Commentary

Recap: U.S. oil futures plunged by almost 25% on Monday on renewed concern over the dearth in storage facilities available to store the oversupply of crude. June WTI fell to its second lowest settlement on record. Market liquidity is proven to be a problem, with the United States Oil Fund LP rolling nearby contracts into deferred contracts. This comes on the heels of the now expired May WTI contract falling into negative territory. This pushed the June contract to a low of \$11.88 before paring gains for a settlement of \$12.78 a barrel, down \$4.16, or 24.6%. Brent for June delivery fell \$1.45, or 6.8%, to settle at \$19.99 a barrel. May RBOB fell by nearly 2% to 64.83 cents a gallon and May heating oil shed 5.6% to 61.04 cents a gallon. The May contracts will expire at Thursday's settlement.

Technical Analysis: Our outlook for June WTI remains bearish. We would look for continued attempts to break below \$10 and the possibility for a dip into negative territory. Below \$10, additional support is set at \$6.50. Resistance is set at the 10-day moving average, which is currently set at \$18.70, with additional resistance at \$20.

Fundamental News: US President Donald Trump's adviser, Kevin Hassett, said the shutdown of the US economy due to the coronavirus pandemic is a shock of historic proportions that likely will push the national unemployment rate to 16% or higher this month and require more stimulus to ensure a strong rebound. A record 26.5 million Americans have filed for jobless benefits since mid-March, and retail sales, homebuilding and consumer confidence have all tumbled. The nonpartisan Congressional Budget Office predicts U.S. GDP will contract at nearly a 40% annual rate in the second quarter, with unemployment cresting at 16% in the third quarter. But even next year, the CBO sees the jobless rate still averaging above 10 percent.

The AAA reported that the US national average price of gasoline is \$1.77/gallon as of Monday, down 4 cents from last week, down 28 cents from last month and \$1.11 less than a year ago. It forecast that the national average will continue to decline into next month, possibly falling as low as \$1.65/gallon.

State news agency, KUNA, reported that Kuwait Petroleum Corp is coordinating with clients around the world to cut its crude supplies in line with commitments under a deal by oil producers to reduce output. The company stressed its keenness to support the country's role in making the agreement to rebalance global oil markets a success. The group of producers, known as OPEC+, has agreed to reduce output by 9.7 million barrels per day (bpd) for May and June.

Lukoil's head of investor relations, Alexander Palivoda, said Russia will cut its May oil output by 19% to 8.5 million bpd from its February-March level of 10.4 million bpd. Lukoil will have to cut its oil output in Russia by 300,000 bpd in May, compared with February's level.

IIR Energy reported that US oil refiners are expected to shut in about 3.9 million bpd of capacity in the week ending May 1st, increasing available refining capacity by 592,000 bpd from the previous week. It reported that offline capacity is expected to fall to 937,000 bpd in the week ending May 8th.

Early Market Call - as of 8:40 AM EDT

WTI - June \$11.55, down \$1.23

RBOB - May \$6.724, up 2.41 cents

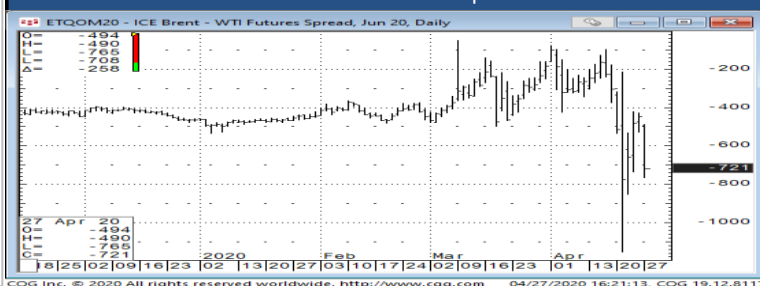
HO - May \$6.044, down 60 points

All NYMEX | Prior Settlements

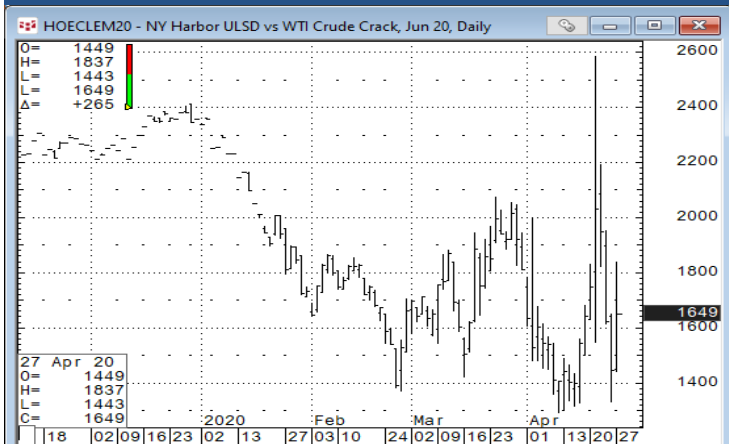
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-20	0.6104	-0.0363	0.2774
Jun-20	0.7036	-0.0292	0.2116
Jul-20	0.7731	-0.0297	0.1880
Aug-20	0.8337	-0.0312	0.1771
Sep-20	0.8828	-0.0325	0.1738
Oct-20	0.9252	-0.0325	0.1715
Nov-20	0.9611	-0.0325	0.1674
Dec-20	0.9888	-0.0333	0.1631
Jan-21	1.0146	-0.0332	0.1580
Feb-21	1.0357	-0.0327	0.1528
Mar-21	1.0526	-0.0323	0.1486
Apr-21	1.0628	-0.0317	0.1456
May-21	1.0754	-0.0308	0.1422
Jun-21	1.0891	-0.0300	0.1403
Jul-21	1.1080	-0.0297	0.1405
Aug-21	1.1260	-0.0295	0.1407
Sep-21	1.1402	-0.0294	0.1410

Sprague Heat Weighted Strip October -April 20/2021			\$1.0116
Other Front Month NYMEX		Close	Change
Crude - WTI	June Brent-	\$12.7800	-\$4.1600
Crude - Brent	WTI Spread	\$19.9900	-\$1.4500
Natural Gas	\$7.21	\$1.8190	\$0.0730
Gasoline		\$0.6483	-\$0.0129

ICE June Brent-WTI Spread



June Heating Oil Crack Spread



June RBOB Crack Spread

