

Market Commentary

Recap: The global oil markets remained on the defensive for the third consecutive day today as news reports swirled that Iran could soon see oil sanction relief. The Iranian president Thursday confirmed that the negotiations between the U.S and other world powers and Iran were on the verge of being completed. The Iranian president noted that the main issues such as oil sanctions, petrochemical sanctions, shipping sanctions, insurance and banking issues "have been wrapped up" and just some minor issues were being negotiated, but a final deal could be completed next week. This news helped to send WTI prices to their lowest level since April 26th.

Technical Analysis: One should note that today saw the July WTI contract not only trade below the 50 day moving average for the second consecutive day, but settle below this moving average for the first time since April 12th. In the products markets, while heating oil futures values are far from challenging this key moving average, in RBOB, the June contract today came within 30 points of reaching this key moving average, and has not traded below it since April 26th, nor settled below it since last November. As a result we would keep a close eye on both these contract markets tomorrow to see if they provide a clearer warning sign of the potential for a short term technical sell off.

Fundamental News: Colonial Pipeline froze nominations to move fuel on six upcoming cycles on Line 22 from Greensboro, North Carolina to Selma and Apex.

Valero has applied its Jones Act waiver it received last week due to the Colonial Pipeline outage on the tanker Nave Titan to ship ultra-low sulfur diesel from its St. Charles, Louisiana refinery to New York. The Panama-flagged ship loaded 325,000 barrels of ultra-low sulfur diesel on May 11th.

Goldman Sachs equity research expects the Brent-WTI differentials to remain tighter relative to recent history. It forecast Brent-WTI differentials at \$3/\$4/barrel in 2022/2023 as U.S. production expectations have declined due to COVID-19 impacts. It sees U.S. production returning to pre-COVID levels in 2022.

Iran's President, Hassan Rouhani, said the main issues in reviving the 2015 nuclear deal including the removal of sanctions on his country's oil, shipping, insurance and banking sectors have been resolved and a broad framework of an agreement is in place.

The U.S. Environmental Protection Agency's biofuel blending mandates for this year and next are likely to be in line with those of 2020 as the agency accounts for weaker fuel demand since the onset of the coronavirus pandemic. That would spare the U.S. refining industry the added costs associated with the usual annual expansion in renewable volume obligations under the Renewable Fuel Standard, at the expense of biofuel producers and the corn industry which depend on regular increases to grow their businesses.

Two sources from the OPEC+ group said OPEC+ compliance with oil production cuts in April reached 113%, down from March's level of 115%.

Kpler estimated that oil exports from the ten OPEC members increased by 300,000 bpd to 17 million bpd so far in May. Exports from the OPEC+ group fell by 200,000 bpd to 23.2 million bpd.

OPEC stated that an IEA report suggesting that investors should not fund new oil projects to cut emissions could lead to oil-price volatility if it is acted on.

Early Market Call - as of 9:00 AM EDT

WTI - July \$63.17, up \$1.25

RBOB - June \$2.0674, up 2.02 cents

HO - June \$1.9895, up 2.51 cents

All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-21	1.9644	-0.0427	-0.0365
Jul-21	1.9635	-0.0416	-0.0355
Aug-21	1.9647	-0.0412	-0.0351
Sep-21	1.9667	-0.0412	-0.0355
Oct-21	1.9676	-0.0412	-0.0363
Nov-21	1.9683	-0.0410	-0.0367
Dec-21	1.9676	-0.0407	-0.0367
Jan-22	1.9670	-0.0399	-0.0375
Feb-22	1.9630	-0.0389	-0.0382
Mar-22	1.9547	-0.0375	-0.0385
Apr-22	1.9422	-0.0362	-0.0386
May-22	1.9352	-0.0351	-0.0384
Jun-22	1.9300	-0.0342	-0.0384
Jul-22	1.9293	-0.0338	-0.0388
Aug-22	1.9290	-0.0334	-0.0394
Sep-22	1.9297	-0.0332	-0.0387
Oct-22	1.9313	-0.0328	-0.0398

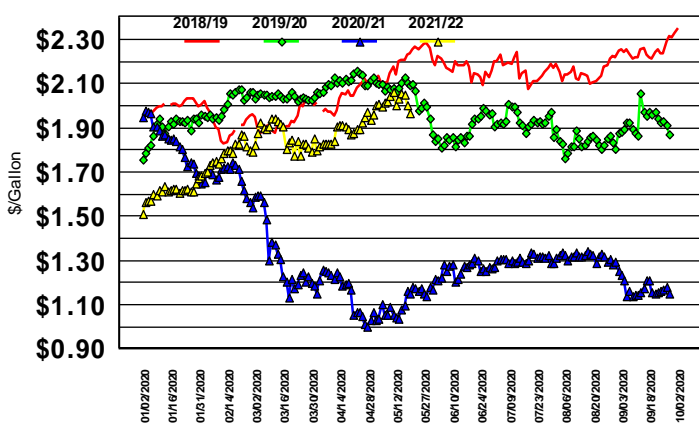
Sprague HeatCurve October 2021-April 2022			\$1.9625
		Close	Change
Crude - WTI	July Brent-WTI Spread \$3.17	\$61.9400	-\$1.4100
Crude - Brent		\$65.1100	-\$1.5500
Natural Gas		\$2.9250	-\$0.0390
Gasoline		\$2.0472	-\$0.0548

EIA Working Gas Storage Report

	14-May-21	07-May-21	Change	14-May-2020
East	358	347	11	467
Midwest	472	458	14	573
Mountain	135	131	4	123
Pacific	247	235	12	251
South Central	888	857	31	1,078
Salt	280	269	11	344
Nonsalt	608	588	20	734
Total	2,100	2,029	71	2,491

Sprague HeatCurve October-April

Sprague HeatCurve October-April



ICE July Brent-WTI Spread

