

Market Commentary

Recap: WTI settled higher on Tuesday as the June contract expired, with prices getting a boost from global production cuts, as demand improves. Oil prices gained early in the session due to production cuts and signs of increasing demand, however, a pullback ensued as a U.S. Senate committee questioned Federal Reserve Chair Jerome Powell and Treasury Secretary Steven Mnuchin about the aid packages intended to bolster the economy. The market maintained the backwardation condition from Monday's trading session, as the expiring June contract settled higher than the July contract. This is a shift from the contango market, in which later dated futures are bid higher than nearby contracts, signaling a near-term supply glut and offering incentive to store a commodity for future use. June WTI crude ended at \$32.50 a barrel, up 68 cents, or 2.1%, after surging 8.1% on Monday. July WTI added 31 cents, or 1%, to settle at \$31.96 a barrel, following a 7.2% rally for the contract in the previous session. Brent for July delivery lost 16 cents or 0.5%, to settle at \$34.65 a barrel. June RBOB rose 1.9% to \$1.0452 a gallon, while June heating oil fell by 3.3% to 97.36 cents a gallon.

Technical Analysis: Tuesday was an inside trading session, as the July contract traded within Monday's trading range. Moving oscillators are set high in overbought territory and appear to be getting ready to cross to the downside, while moving averages are converging on each other, with the shorter term average appearing to get ready to cross above the longer term, indicating a move to the upside. The market continues to hover around \$32, as it encounters major resistance to the upside. We would look for a bit of a pullback toward \$25, where we would reevaluate this market. Support is set at \$27.35 and below that at \$25. To the upside, resistance is set at \$34.72 and above that at \$37.64, the bottom of the gap for the July contract.

Fundamental News: Colonial Pipeline Co is allocating space for Cycle 31 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

Phillips 66 Partners LP proposed raising tariff rates on its 900,000 bpd Gray Oak crude oil pipeline in Texas. It will increase all committed rates on the pipeline by 2% per year. Uncommitted rates would be assessed separately and would amount to increases of about 2%. The pipeline, one of the biggest new pipelines connecting the Permian Basin to the US Gulf Coast, became fully operational last month after a segment was added in the Eagle Ford, Texas shale region, completing the project.

China said the US was trying to shift the blame for Washington's own mishandling of the COVID-19 crisis, responding to President Donald Trump's letter threatening to halt funding to the World Health Organization. On Monday, President Trump said the US would reconsider the United States' membership of the World Health Organization if the organization did not commit to improvements within 30 days, and said the body had shown an "alarming lack of independence" from China. Trump suspended U.S. contributions to the WHO last month, accusing it of promoting China's "disinformation" about the coronavirus outbreak. Chinese Foreign Ministry spokesman, Zhao Lijian, told reporters on Tuesday that the United States was trying to smear China and had miscalculated by trying to use China to avoid its own responsibility. Meanwhile, the WHO spokeswoman, Fadela Chaib, said that the agency had no immediate comment on a letter from US President Donald Trump, but expected to have "more clarity" and a reaction later in the day.

White House economic adviser, Larry Kudlow, said that President Donald Trump wants to see a 7.6% cut in the payroll tax. President Trump is looking to the tax code to help the economy regain ground lost when states shut down all economic activity due to the coronavirus pandemic.

Early Market Call - as of 8:20 AM EDT

WTI - July \$32.70, up 74 cents

RBOB - June \$1.0620, up 1.68 cents

HO - June \$1.0064, up 3.28 cents

All NYMEX | Prior Settlements

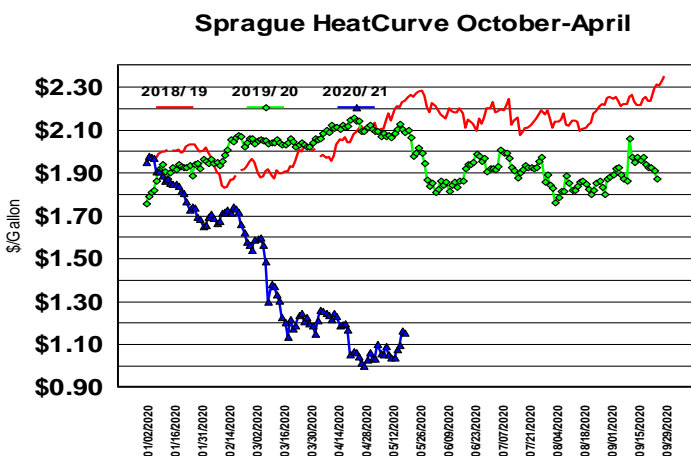
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jun-20	0.9736	-0.0328	-0.1352
Jul-20	1.0125	-0.0254	-0.1350
Aug-20	1.0468	-0.0196	-0.1317
Sep-20	1.0787	-0.0164	-0.1280
Oct-20	1.1035	-0.0147	-0.1218
Nov-20	1.1231	-0.0131	-0.1174
Dec-20	1.1380	-0.0119	-0.1153
Jan-21	1.1530	-0.0112	-0.1135
Feb-21	1.1659	-0.0102	-0.1119
Mar-21	1.1756	-0.0094	-0.1105
Apr-21	1.1812	-0.0088	-0.1095
May-21	1.1903	-0.0088	-0.1062
Jun-21	1.2002	-0.0097	-0.1023
Jul-21	1.2169	-0.0102	-0.0996
Aug-21	1.2323	-0.0108	-0.0973
Sep-21	1.2444	-0.0116	-0.0953
Oct-21	1.2543	-0.0125	-0.0934

Sprague Heat Weighted Strip October -April 20/2021			\$1.1518
Other Front Month NYMEX		Close	Change
Crude - WTI	June Brent-	\$31.9600	\$0.6800
Crude - Brent	WTI Spread	\$34.6500	-\$0.1600
Natural Gas	\$2.69	\$1.8300	\$0.0470
Gasoline		\$1.0452	\$0.0194

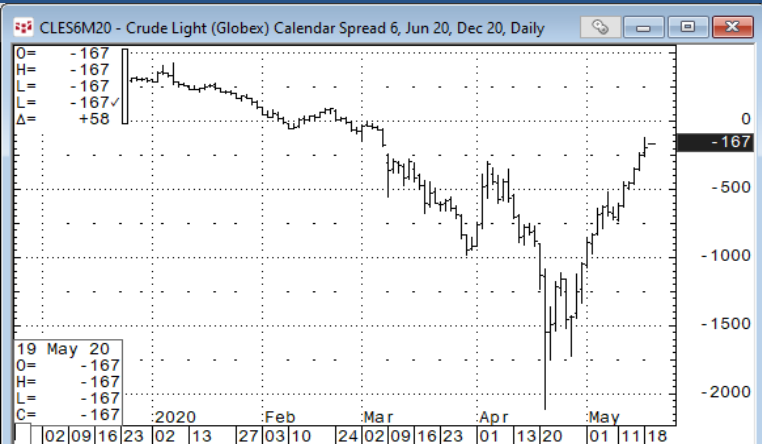
API Report for the Week Ending May 15, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 4.8 million barrels	Up 1.0 million barrels
Cushing, OK Crude Stocks	Down 5 million barrels	Down 5.1 million barrels
Gasoline Stocks	Down 651,000 barrels	Down 2.1 million barrels
Distillate Stocks	Up 5.1 million barrels	Up 1.3 million barrels
Refinery Runs	Up 229,000 bpd	Up 0.8%
Crude Imports	Down 941,000 bpd	

Sprague HeatCurve October-April



NYMEX June/Dec WTI



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