

Market Commentary

Recap: Oil futures headed to the upside after Saudi Arabia and other major producers vowed to further cut output in June, but the up move was short lived, as a slump in demand due to the coronavirus pandemic outweighed efforts to prop up prices. While an extra 1.2 million barrels per day cut in output will not rebalance the market, it will remove strain from storage facilities and buy time for demand to rebound. This WTI for June delivery lost 60 cents, or 2.4%, to settle at \$24.14 a barrel after touching an intraday low of \$23.67. July Brent crude fell \$1.37, or 4.4%, to \$29.60 a barrel. June RBOB lost 2.9% to 92.42 cents a gallon, while June heating oil fell by 3.4% to 86.87 cents a gallon.

Technical Analysis: Once again June WTI failed at the \$25 level, as signs of exhaustion become more apparent. Trading should remain volatile as some traders will get bullish on the easing of restrictions and as some turn bearish as inventories continue to build. We would look for short covering above \$25 level, with this market continuing to struggle to the upside as traders remain hesitant to go long. Resistance above \$25 is set at \$26.40, the 50-day moving average. To the downside, support is set at \$23 and below that at \$21.52.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Friday, May 8th fell by 1,820,096 barrels and by 1,461,994 barrels from Tuesday, May 5th to 65,036,934 barrels.

A Saudi Arabian energy ministry official said that the ministry has directed Saudi Aramco to cut its crude oil production for June by an extra voluntary amount of 1 million bpd, in addition to the reduction already committed by the kingdom under the OPEC+ cut deal. This increases the country's output cut to 4.8 million bpd from the April production level. The official said its country's production for June after both its targeted and voluntary cuts will be 7.492 million bpd. The official stated that Saudi Arabia aims to encourage OPEC+ participants and other producers to comply with the production cuts they have committed to.

Kuwait joined Saudi Arabia on Monday in announcing fresh oil production cuts to be implemented in June. Kuwait will cut production by 80,000 bpd in June, in addition to cuts already agreed under a pact by OPEC+.

UAE Energy Minister, Suhail Mohamed Faraj Al Mazrouei, said the country is committed to undertaking an additional voluntary oil output cut of 100,000 bpd in June.

Goldman Sachs stated that investor feedback suggests that there is still meaningful investor concern that demand will remain weak in 2021 with concerns of a second wave of COVID-19 and more modest increases in personal/corporate travel. It said the increase in oil prices is adding concern that we may be sacrificing upside to oil prices in the future for price level now that would result in a sooner than desired reversal of existing well production shut-ins.

IIR Energy reported that US oil refiners are expected to shut in about 4.4 million bpd of capacity offline in the week ending May 15th, increasing available refining capacity by 161,000 bpd from the previous week. Offline capacity is expected to fall to 2 million bpd in the week ending May 22nd.

Early Market Call - as of 9:00 AM EDT

WTI - June \$25.29, up \$1.15

RBOB - June \$92.99, up 61 points

HO - June \$87.51, up 66 points

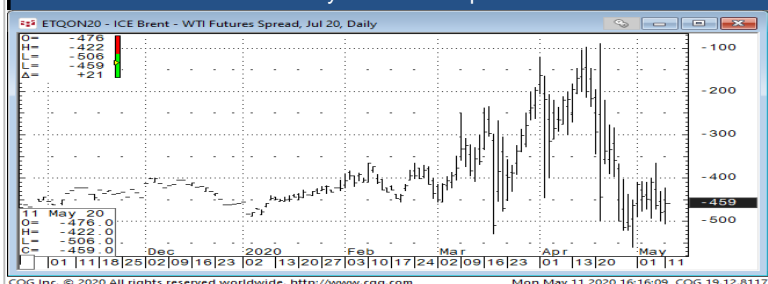
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-20	0.8687	-0.0306	-0.0656
Jul-20	0.9025	-0.0371	-0.0493
Aug-20	0.9373	-0.0393	-0.0422
Sep-20	0.9702	-0.0402	-0.0375
Oct-20	0.9992	-0.0412	-0.0316
Nov-20	1.0215	-0.0417	-0.0255
Dec-20	1.0364	-0.0419	-0.0204
Jan-21	1.0517	-0.0412	-0.0167
Feb-21	1.0648	-0.0408	-0.0138
Mar-21	1.0752	-0.0412	-0.0110
Apr-21	1.0811	-0.0417	-0.0094
May-21	1.0937	-0.0413	-0.0106
Jun-21	1.1077	-0.0412	-0.0122
Jul-21	1.1268	-0.0410	-0.0116
Aug-21	1.1443	-0.0403	-0.0106
Sep-21	1.1581	-0.0395	-0.0091
Oct-21	1.1698	-0.0378	-0.0077

Sprague Heat Weighted Strip October -April 20/2021 \$1.0505

		Close	Change
Crude - WTI	June Brent-	\$25.0800	-\$1.0900
Crude - Brent	WTI Spread	\$29.6300	-\$1.3400
Natural Gas	\$4.55	\$1.8260	\$0.0030
Gasoline		\$0.9242	-\$0.0280

ICE July Brent-WTI Spread



June Heating Oil Crack Spread

June RBOB Crack Spread

