

Market Commentary

Recap: Crude oil prices fell more than 8% on Thursday, posting the biggest one-day loss in six weeks, as U.S. crude oil inventories increased, the number of coronavirus cases grew and a gloomy economic outlook by the Federal Reserve, combined to crush hopes of an economic recovery and an increase in demand. WTI for July delivery fell \$3.26, or 8.2%, at \$36.34 a barrel, after rising 1.7% and marking its highest settlement since March 6 on Wednesday. The decline marked the sharpest one-day fall since April 27 and the retreated \$3.18, or 7.6%, at \$38.55 a barrel, following a 1.3% gain. Prices also finished at their lowest since June 1 and the day's slide represented Brent's steepest since April 21. July RBOB ended down 7.5% at \$1.1188 a gallon, while July heating oil lost nearly 7.3% to \$1.088 a gallon.

Technical Analysis: The grim economic outlook, along with concerns about demand helped to push July WTI below the upward channel that can be depicted on a daily bar chart for the July contract. Technical traders will be looking for a validation of the break with a test back up toward the line. A second straight settlement below this line will confirm the break and will most likely trigger a fresh round of selling. Should the July contract settle back within the channel, longs will hold onto their positions. Support is set at \$35.37 and below that at \$33. To the upside, resistance is seen at \$38.34, the bottom line of the upward channel and above that at \$40.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, June 9th fell by 4,785,855 barrels and by 3,473,115 barrels from Friday, June 5th to 48,925,076 barrels.

Moody's said the outlook for the global midstream energy sector was revised to negative for the first time. It said that while structural attributes lend stability to the midstream energy sector, the broader energy industry is dealing with simultaneous demand and supply shocks. It also stated that deteriorating credit quality of much of the midstream energy sector's customer base, oil and gas E&P companies is a further concern.

The Bureau of Safety and Environmental Enforcement Hurricane Response Team continues to monitor offshore oil and gas operators in the Gulf as operators resume normal operations following Tropical Storm Cristobal. It reported that personnel remain evacuated from a total of 20 production platforms, 3.11% of the 643 manned platforms in the Gulf of Mexico. Personnel have returned to all rigs currently operating in the Gulf. It estimates that about 242,681 bpd or 13.12% of the current oil production in the Gulf of Mexico remains shut in. It also estimates that 241 mmcf/d or 8.89% of natural gas production in the Gulf of Mexico is shut in.

Fitch Ratings said the OPEC+ agreement to extend by one month record oil production cuts should accelerate market rebalancing.

U.S. Treasury Secretary, Steven Mnuchin, said the U.S. cannot shut down its economy again because of the coronavirus. He stated that another \$1 trillion in rescue funds will flow into the economy over the next month. He said he was prepared to go back to Congress for more money to protect jobs and workers, but aid for states would be subject to negotiations with lawmakers.

Early Market Call - as of 9:45 AM EDT

WTI - July \$36.85, up 51 cents
RBOB - July \$1.1299, up 1.11 cents
HO - July \$1.1204, up 3.24 cents

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jul-20	1.0880	-0.0850	-0.0139
Aug-20	1.1131	-0.0839	-0.0062
Sep-20	1.1366	-0.0826	-0.0009
Oct-20	1.1587	-0.0808	0.0023
Nov-20	1.1770	-0.0791	0.0066
Dec-20	1.1917	-0.0772	0.0098
Jan-21	1.2066	-0.0756	0.0126
Feb-21	1.2191	-0.0744	0.0162
Mar-21	1.2278	-0.0735	0.0202
Apr-21	1.2317	-0.0723	0.0224
May-21	1.2375	-0.0712	0.0242
Jun-21	1.2453	-0.0706	0.0264
Jul-21	1.2598	-0.0703	0.0289
Aug-21	1.2732	-0.0699	0.0313
Sep-21	1.2850	-0.0691	0.0325
Oct-21	1.2963	-0.0685	0.0336
Nov-21	1.3062	-0.0679	0.0338

Sprague Heat Weighted Strip October -April 20/2021 \$1.205

	Close	Change
Crude - WTI	\$36.5700	-\$3.2100
Crude - Brent	\$38.5500	-\$3.1800
Natural Gas	\$1.8130	\$0.0330
Gasoline	\$1.1188	-\$0.0911

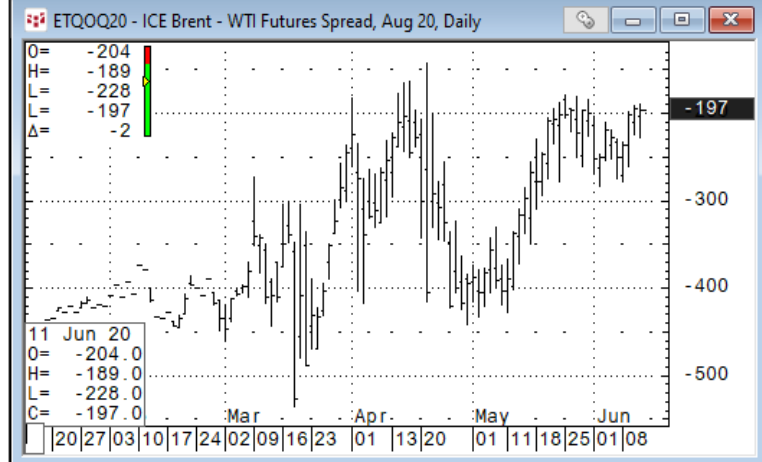
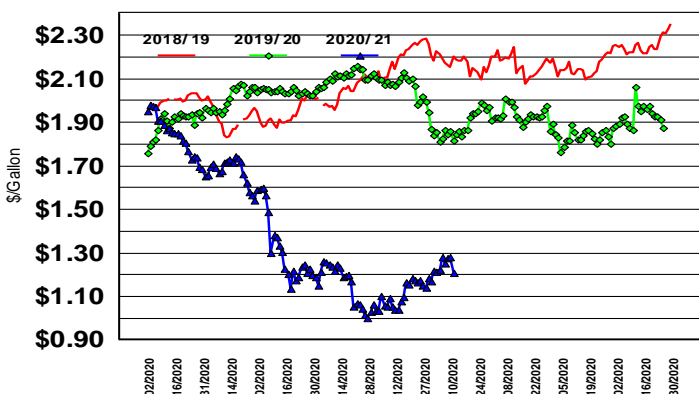
EIA Working Gas Storage Report

	05-Jun-20	29-May-20	Change	Year Ago
East	563	536	27	405
Midwest	662	634	28	425
Mountain	148	140	8	99
Pacific	281	273	8	209
South Central	1,153	1,131	22	813
Salt	357	353	4	255
Nonsalt	797	778	19	558
Total	2,807	2,714	93	1,952

Sprague HeatCurve October-April

ICE August Brent-WTI Spread

Sprague HeatCurve October-April



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