

Market Commentary

Recap: WTI fell on Thursday, while Brent tacked on a few pennies as traders mulled over the effects that trade talks between China and the U.S. would have on demand. In early trading, June WTI slipped \$1.20, to a low of \$60.92 a barrel by 10:40 am EDT, while July Brent traded at \$69.40 a barrel, down 97 cents. Trading was choppy throughout the session, with both WTI and Brent struggling at the unchanged level. WTI for June delivery fell 42 cents, or 0.7%, to settle at \$61.70 a barrel. July Brent tacked on 2 cents, or 0.03%, to end at \$70.39 a barrel. June RBOB finished little changed at \$1.975 a gallon and June heating oil shed 1.3 cents, or 0.6%, to \$2.044 a gallon.

Technical Analysis: WTI continues to hover near the bottom trend line of the ascending channel that can be depicted on a daily spot continuation chart. At this point, it appears that the market is undecided as to which direction it wants to go; while traders await the outcome of Friday's U.S./China trade talks Resistance is set at \$62.55 and above that at \$63.29. Support is set at \$ 60.91 and \$6 0.04.

Fundamental News: OPEC sources stated that OPEC is in the dark on the oil supply outlook for the second half of the year, with Iranian and Russian outages looking increasingly significant. However Saudi Arabia is reluctant to produce more due to fears of a price crash. Two delegates from OPEC said the Russian outage due to a contamination issue, in addition to Iranian and Venezuelan export losses, would be discussed at the next OPEC meeting.

Poland's PKN Orlen expects oil in the Druzhba pipeline to flow to Poland in May. Poland, Germany, Ukraine, Slovakia and other countries halted Russian oil imports via the pipeline in late April after finding contaminants that can damage refinery equipment. Separately, trading sources said Russian oil quality from the Baltic port of Ust-Luga was improving on Thursday but still not good enough for refiners in Europe, with required standards expected only by May 11th.

Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, May 7th increased by 1,314,732 barrels on the week and by 1,241,601 barrels from Friday, May 3rd to 49,684,193 barrels.

The European Union and the Foreign Ministers of Germany, France and Britain said they were still committed to the Iran nuclear deal but would not accept ultimatums after Iran announced it was scaling back cuts to its nuclear program. Meanwhile, China's Commerce Ministry said the country opposed unilateral US sanctions imposed against Iran and added that cuts to its oil would only worsen volatility in global energy markets.

A spokesman for the Atomic Energy Organization of Iran, Behrouz Kamalvandi, said Iran wants to bring its nuclear deal with world powers back on track following the US' unilateral withdrawal.

Iran's Foreign Ministry spokesman said US sanctions on Iranian metals are against international norms and warned that the US would be responsible for Iran's losses. On Wednesday, US President Donald Trump imposed new sanctions on Iran, targeting revenue from its exports of industrial metals.

Barclays increased its third quarter price forecast for both Brent and WTI crude by \$4/barrel to \$74/barrel and \$67/barrel, respectively, on expected tighter market conditions. It left its 2020 prices forecasts for Brent and WTI crude at \$75/barrel and \$68/barrel, respectively. It also forecast that Iranian crude exports will be reduced by at least 600,000 bpd over the course of the next few weeks but will not fall to zero.

Early Market Call - as of 7:40 AM EDT

WTI - June \$62.08, up 38 cents

RBOB - June \$1.9987, up 2.31 cents

HO - June \$2.0611, up 1.8 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-19	\$2.0436	-\$0.0126	-\$0.0342
Jul-19	\$2.0452	-\$0.0121	-\$0.0336
Aug-19	\$2.0503	-\$0.0116	-\$0.0319
Sep-19	\$2.0580	-\$0.0118	-\$0.0317
Oct-19	\$2.0654	-\$0.0123	-\$0.0320
Nov-19	\$2.0721	-\$0.0128	-\$0.0318
Dec-19	\$2.0769	-\$0.0130	-\$0.0315
Jan-20	\$2.0801	-\$0.0130	-\$0.0307
Feb-20	\$2.0760	-\$0.0130	-\$0.0299
Mar-20	\$2.0652	-\$0.0132	-\$0.0301
Apr-20	\$2.0491	-\$0.0134	-\$0.0301
May-20	\$2.0376	-\$0.0137	-\$0.0296
Jun-20	\$2.0291	-\$0.0138	-\$0.0294
Jul-20	\$2.0250	-\$0.0135	-\$0.0280
Aug-20	\$2.0214	-\$0.0133	-\$0.0269
Sep-20	\$2.0189	-\$0.0130	-\$0.0257
Oct-20	\$2.0174	-\$0.0130	-\$0.0249

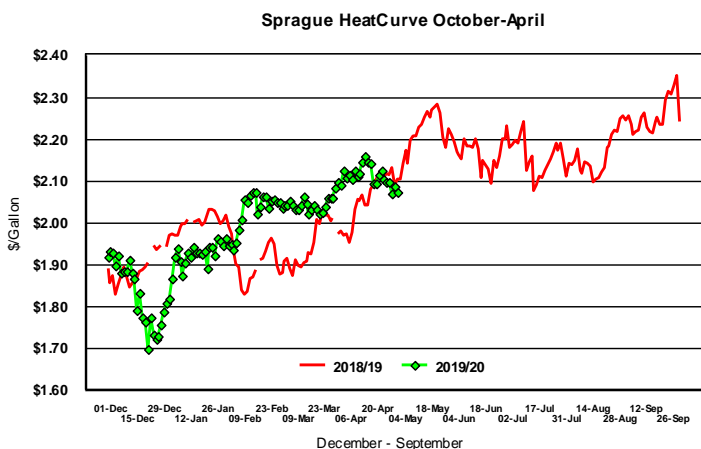
Sprague HeatCurve Oct 2019-Apr 2020

Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-	\$61.8100	-\$41.0000
Crude - Brent	WTI Spread		
Natural Gas	\$	\$2.5950	-\$0.0150
Gasoline		\$1.9754	\$0.0004

EIA Working Gas Storage Report

	03-May-19	26-Apr-19	Change	Year Ago
East	299	279	20	240
Midwest	309	290	19	237
Mountain	78	75	3	91
Pacific	162	152	10	194
South Central	699	666	33	657
Salt	234	224	10	202
Nonsalt	466	442	24	455
Total	1,547	1,462	85	1,419

Sprague HeatCurve October-April



ICE July Brent-WTI Spread

