

Market Commentary

Recap: Oil futures opened the session trading at unchanged but found unsustainable strength as the U.S. dollar weakened and on hope that the lifting of COVID-related restrictions in Shanghai would lead to increased demand for crude oil. The up move was also capped by the inability of the European Union to reach a final agreement on banning Russian oil following its invasion of Ukraine. Oil prices were little changed on the day, with July WTI, the new front contract gaining one cent, or 0.01%, to settle at \$110.29 a barrel, while July Brent tacked on 87 cents, or 0.77%, to settle at \$113.42 a barrel. Petroleum products finished mixed, with June RBOB losing 3.93 cents, or 1.02%, to settle at \$3.7977 per gallon and June heating oil adding 2.97 cents, or 0.79% per gallon.

Technical Analysis: WTI has settled higher over the last three sessions, but remains within the sideways trading pattern that dates back to the beginning of March. The 10-day moving average has been a solid pivotal area and remains so. While the main trend of this market is up, WTI has not been able to recover from the reversal top formed on May 17. We would like to see a break above \$115.56, the high from May 17, in order to gain upside momentum. Until we see this break, we expect prices to trade sideways within the congestion pattern set by the March 24 high of \$116.64 and the April 4 low of \$92.93.

Fundamental News: A White House official said the Biden administration is preparing policy actions to mitigate diesel supply challenges and authorize the release from reserve if conditions deteriorate. The official said the administration is prepared to authorize a release from the Northeast Home Heating Oil Reserve if conditions get worse. The impact of such a release would be limited by the relatively small size of the reserve, which only contains 1 million barrels of diesel.

The head of the International Energy Agency, Fatih Birol, told the World Economic Forum that the energy security crisis due to Russia's invasion of Ukraine must not lead to a deeper dependence on fossil fuels. He said the right investments, especially in renewable energy and nuclear power, mean the world need not choose between energy shortages and accelerated climate change due to fossil fuel emissions. He said short-term demand meant the world could not immediately wean itself off traditional energy supplies, adding that he hoped producer countries with capacity to export more energy would make a "positive contribution".

Hungary stuck to its demands for energy investment before it agrees to a Russian oil embargo, clashing with EU states pushing for swift approval of more European Union sanctions against Russia for invading Ukraine. The EU commission early this month proposed the new package of sanctions against the Kremlin but the measures have not yet been adopted, with Hungary being among the most vocal critics of the plan.

Germany's Economy Minister, Robert Habeck, warned Hungary against blocking efforts to impose an European Union-wide embargo on Russian oil imports in response to the war in Ukraine.

IIR Energy reported that U.S. oil refiners are expected to shut in about 502,000 bpd of capacity in the week ending May 27th, increasing available refining capacity by 379,000 bpd.

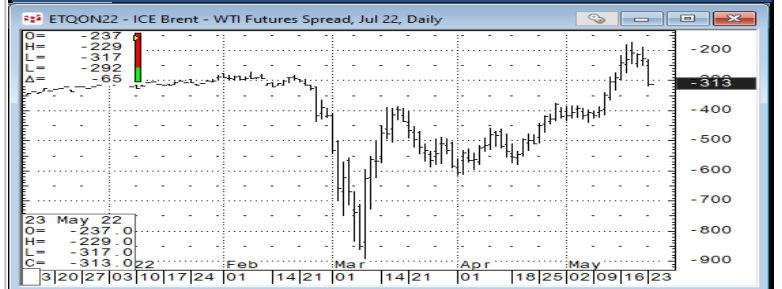
Early Market Call - as of 7:40 AM EDT
WTI - June \$110.57, up 26 cents
RBOB - June \$3.6831, down 11.46 cents
HO - June \$3.8269, up 5.81 cents

All NYMEX | Prior Settlements

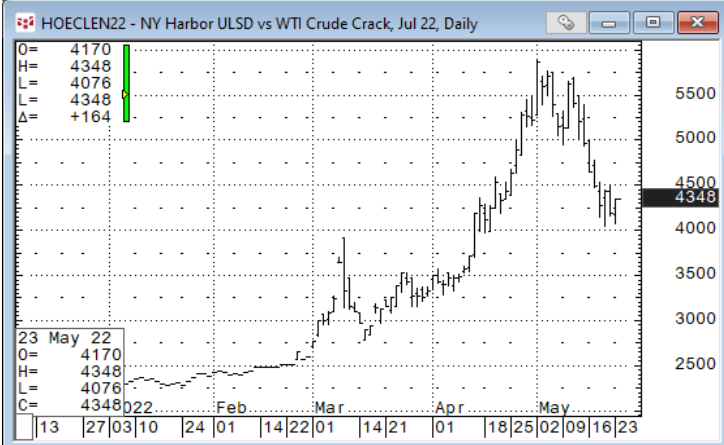
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-22	3.7688	0.0297	-0.1387
Jul-22	3.6434	0.0216	-0.1304
Aug-22	3.5619	0.0205	-0.1196
Sep-22	3.5064	0.0226	-0.1751
Oct-22	3.4488	0.0237	-0.0955
Nov-22	3.3874	0.0240	-0.0884
Dec-22	3.3217	0.0248	-0.0865
Jan-23	3.2634	0.0251	-0.0866
Feb-23	3.2001	0.0241	-0.0865
Mar-23	3.1310	0.0219	-0.0865
Apr-23	3.0570	0.0199	-0.0849
May-23	3.0032	0.0215	-0.0734
Jun-23	2.9566	0.0228	-0.0629
Jul-23	2.9274	0.0237	-0.0601
Aug-23	2.9034	0.0236	-0.0543
Sep-23	2.8850	0.0235	-0.0488
Oct-23	2.8685	0.0234	-0.0428

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	June Brent-	\$110.2900	\$0.0100
Crude - Brent	WTI Spread	\$113.4200	\$0.8700
Natural Gas	\$3.13	\$8.7440	\$0.6610
Gasoline		\$3.7977	-\$0.0393

ICE July Brent-WTI Spread



July Heating Oil Crack Spread



July RBOB Crack Spread

