

Market Commentary

Recap: Oil futures bounced after the Energy Information Administration released its report showing a drop in both U.S. crude oil and gasoline inventories last week. Crude oil stocks were down 1 million barrels, while gasoline stocks fell 500,000 barrels. Analysts were expecting a rise of 100,000 barrels in crude oil stockpiles, while gasoline was seen down 500,000 barrels. Distillate stocks were up 1.7 million versus expectations for a rise of 600,000 barrels. Trading was lackluster despite the inventory numbers, with concern about tight supplies ahead of the start of the U.S. summer driving season. WTI for July delivery gained 56 cents per barrel, or 0.51% to \$110.33, while July Brent gained 47 cents per barrel, or 0.41% to \$114.03. ULSD for June delivery gained 8.46 cents per gallon, or 2.24% to \$3.8664 and RBOB Gasoline for June delivery gained 2.07 cents per gallon, or 0.54% to \$3.8317.

Technical Analysis: Crude oil markets are still being underpinned by tightening global supplies, but traders are keeping a watchful eye on U.S. gasoline inventories that could keep prices afloat in the near-term. The decline in gasoline stocks comes at a time when demand typically climbs during the summer, which is the peak of the U.S. driving season. This, along with tightening crude oil supplies as buyers avoid oil from Russia, will work to keep a floor under this market, supporting sideways to higher trading. While we continue to look at the 10-day moving average as a pivotal area, the 50-day moving average will also garner quite a bit of attention. A dip below this number will set this market up for a test at the bottom line on the ascending channel that has formed within the sideways trading pattern. A break below the channel sets up this market for a run at \$92.93, the bottom of the sideways pattern. To the upside, \$113 and \$116.65 are areas of resistance.

Fundamental News: The EIA reported that U.S. refinery utilization in the week ending May 20th increased to 93.2%, its highest level since before the pandemic. The refinery utilization rate reached its highest since December 2019. U.S. East Coast refinery percent utilization rate increased to 97%, the highest level since July 2018 and U.S. Gulf Coast refinery percent utilization rate increased to 97.4%, the highest level since January 2020. The EIA reported that U.S. crude oil stocks in the SPR fell by 1 million barrels to 419.8 million barrels, the lowest level since September 1987.

Three current and former U.S. officials told Axios that two of President Biden's senior advisers are on a secret visit to Saudi Arabia for talks about a possible arrangement between Saudi Arabia, Israel and Egypt, a deal to increase oil production and Washington and Riyadh's bilateral relationship.

Commerzbank expects the price of Brent crude to fall to \$95/barrel by the end of the year. It sees Brent crude prices averaging \$99/barrel in 2022 and \$91/barrel in 2023. It sees WTI prices averaging \$96/barrel in 2022 and \$88/barrel in 2023.

The United States' Iran envoy, Rob Malley, said the chances of reviving the 2015 Iran nuclear deal are shaky at best and added that the U.S. is ready to tighten sanctions on Iran and respond to "any Iranian escalation" with Israel and other allies if it cannot be saved.

IIR Energy reported that U.S. oil refiners are expected to shut in 992,000 bpd of capacity in the week ending May 27th, decreasing available refining capacity by 121,000 bpd. Offline capacity is expected to decline to 576,000 bpd in the week ending June 3rd.

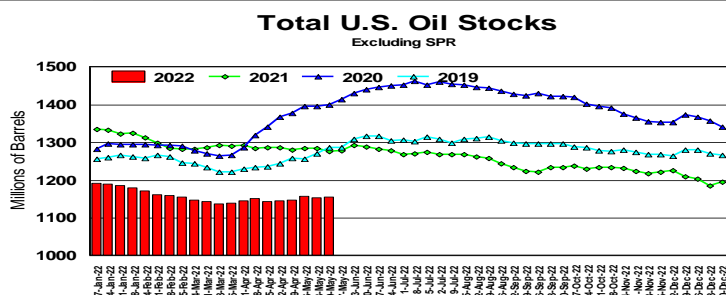
Early Market Call - as of 9:00 AM EDT

WTI - July \$110.96, up 62 cents
 RBOB - June \$3.8173, down 1.44 cents
 HO - June \$3.8732, up 68 points

All NYMEX | Prior Settlements

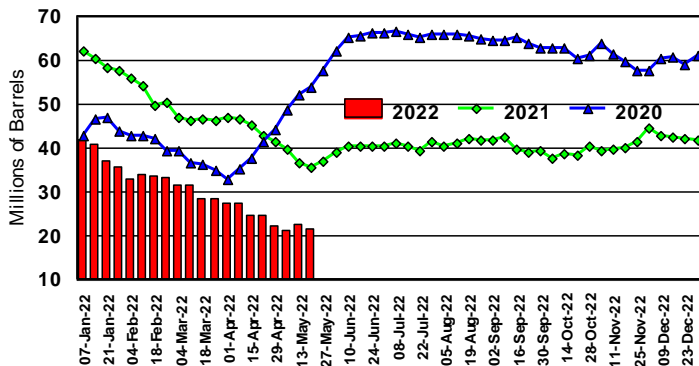
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-22	3.8664	0.0846	0.1983
Jul-22	3.7491	0.0948	0.1798
Aug-22	3.6682	0.0889	0.1755
Sep-22	3.6059	0.0799	0.1132
Oct-22	3.5389	0.0706	0.1696
Nov-22	3.4655	0.0592	0.1611
Dec-22	3.3893	0.0491	0.1506
Jan-23	3.3246	0.0434	0.1431
Feb-23	3.2585	0.0413	0.1381
Mar-23	3.1879	0.0406	0.1321
Apr-23	3.1133	0.0400	0.1271
May-23	3.0627	0.0401	0.1316
Jun-23	3.0186	0.0402	0.1350
Jul-23	2.9886	0.0387	0.1328
Aug-23	2.9607	0.0345	0.1275
Sep-23	2.9406	0.0326	0.1254
Oct-23	2.9244	0.0325	0.1232

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	July Brent- WTI Spread \$3.70	\$110.3300	\$0.5600
Crude - Brent		\$114.0300	\$0.4700
Natural Gas		\$8.9710	\$0.1750
Gasoline		\$3.8317	\$0.0207



Weekly EIA Petroleum Status Report for the Week Ending May 20, 2022

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 1 million barrels
 Cushing, OK Crude Stocks Down 1.06 million barrels
Gasoline Stocks Down 482,000 barrels
Distillate Stocks Up 1.7 million barrels
Refinery % Operated 93.2%, up 1.4%

PADD #1

Distillate Stocks (in million bbls)	Week Ending May 20, 2022	Week Ending May 13, 2022	Week Ending May 21, 2021
New England	2.9	3.3	7.5
Central Atlantic	8.5	9.2	17.2
Total PADD #1	21.6	22.5	35.7
Distillate Imports (thousands b/d)	30	70	225