

Market Commentary

Recap: Oil futures rose on Tuesday as market participants believed that improving demand and more supply coming off would ease the glut faster than expected. These factors, along with other economic curtailments have pushed oil prices higher after the May contract dipped into negative territory. As a result, money managers have boosted buying interest, as was reported in the commitment of traders report for May 19. On the flip side, the amount of buying interest leave longs exposed should the technical and/or fundamental outlook shift. WTI crude for July delivery rose \$1.10, or 3.3%. July Brent added 64 cents or 1.8% to end at \$36.17 a barrel. June RBOB settled at \$1.0489 a gallon, up 1%, while June heating oil added 0.9% at 99.08 cents a gallon.

Technical Analysis: July WTI continues to test \$34.72, the 38% retracement provided by the December high of \$62.95 and the May low of \$17.27. The longer this retracement provides resistance, the stronger it will appear and should spark a retracement back toward \$30. Prior to \$30, support is provided by the 10-day moving average, currently set at \$31.51 and below that at the 50-day moving average, currently set at \$27.52. To the upside and above \$35, additional resistance is set at \$36.35. There is a gap between \$37.64 and \$41.88 in the July contract.

Fundamental News: Genscape reported that crude stocks held in Cushing, Oklahoma in the week ending Tuesday, May 19th fell by 3,440,583 barrels and by 1,231,994 barrels from Friday, May 15th to 58,627,897 barrels.

Saudi state news agency SPA said Iraq and Saudi Arabia agreed on Saturday to continue working to re-balance markets and stressed their commitment to output cuts agreed by the Organization of the Petroleum Exporting Countries, Russia and other allies. The comments came after Iraq's Finance Minister Ali Allawi, who is acting oil minister, visited Saudi Arabia to discuss the oil market with the Saudi Energy Minister. Both sides said they were satisfied with improving oil market conditions, the agency added.

Russia's Energy Ministry sees global oil demand and supply balancing in the next two months. The Energy Ministry quoted Russia's Energy Minister, Alexander Novak, as saying at a state council meeting on energy that "For now, the surplus stands at around 7-12 million barrels per day. The energy ministry is counting on the market to balance out in June-July thanks to a consumption increase." The minister also said supply has already declined by 14 million to 15 million bpd thanks to the OPEC+ deal and output cuts in other countries. Meanwhile, the RIA news agency, citing an unnamed source familiar with the minister's speech at the state council meeting, reported that the energy ministry considers non-OPEC+ countries to have already cut output by 3.5 million to 4 million bpd. It also said Russian oil production volumes were near the country's target of 8.5 million bpd for May and June. Russia's Energy Minister, Alexander Novak, is due to discuss the implementation of global oil production curbs with oil majors later on Tuesday. Three sources stated that Russia's Energy Minister also planned to discuss the possible extension of existing cuts beyond June. The Kremlin said the group of OPEC+ countries will look at how the situation on global oil markets develops before making any policy decisions. Kremlin spokesman, Dmitry Peskov, also said the deal on global oil production cuts agreed last month had definitely proved effective and helped ward off negative scenarios on oil markets.

Early Market Call - as of 8:25 AM EDT

WTI - July \$33.93, down 43 cents
 RBOB - June \$1.0145, down 3.44 cents
 HO - June \$9798, down 1.1 cents

All NYMEX | Prior Settlements

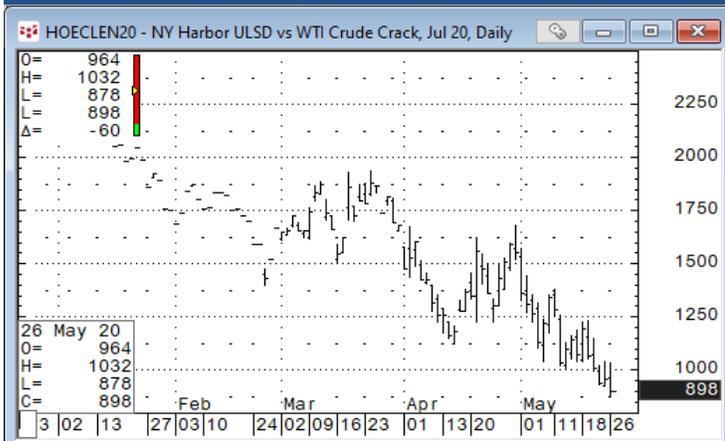
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-20	0.9908	0.0088	-0.0172
Jul-20	1.0279	0.0081	-0.0154
Aug-20	1.0618	0.0086	-0.0150
Sep-20	1.0944	0.0090	-0.0157
Oct-20	1.1196	0.0095	-0.0161
Nov-20	1.1402	0.0103	-0.0171
Dec-20	1.1563	0.0107	-0.0183
Jan-21	1.1727	0.0108	-0.0197
Feb-21	1.1868	0.0104	-0.0209
Mar-21	1.1980	0.0107	-0.0224
Apr-21	1.2031	0.0107	-0.0219
May-21	1.2091	0.0107	-0.0188
Jun-21	1.2183	0.0105	-0.0181
Jul-21	1.2346	0.0107	-0.0177
Aug-21	1.2497	0.0111	-0.0174
Sep-21	1.2619	0.0116	-0.0175
Oct-21	1.2724	0.0124	-0.0181

Sprague Heat Weighted Strip October -April 20/2021		\$1.1715
	Close	Change
Crude - WTI	\$34.3500	\$1.1000
Crude - Brent	\$36.1700	\$0.6400
Natural Gas	\$1.7930	\$0.0620
Gasoline	\$1.0489	\$0.0107

ICE July Brent-WTI Spread



July Heating Oil Crack Spread



July RBOB Crack Spread

