

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures turned lower just ahead of the settlement period, reversing early gains made after the EIA reported a 7.99 million barrel draw in U.S. crude oil inventories. Stronger refinery runs and strong exports were behind the stockpile decline. Euphoria over an economic recovery in the U.S. and Europe helped to fuel the higher move. However, it appears investors are becoming reserved in their trading, despite the supportive inventory draw, while India demand concerns and uncertainty over the coronavirus persist. June WTI settled at \$65.63 a barrel, down 6 cents, or 0.1%, while July Brent added 8 cents, or 0.1%, to settle at \$68.96 a barrel. June RBOB settled virtually unchanged at \$2.15 gallon and June heating oil added 0.2% to \$2 a gallon.

Technical Analysis: With PADD #2 gasoline stocks still feeling the effects of shortages stemming from the February deep freeze in the Gulf of Mexico, gasoline crack spreads have soared. Currently, and according to the last EIA report, days of forward supply for gasoline are 15.1% below the 3-year average, with exports running 3.8% higher than the same average. States across the U.S. are easing up on COVID-19 restriction as the summer driving season quickly approaches and Europe is slowly opening. Given this scenario, and the fact that we expect gasoline demand to pick up at a fast pace, gasoline crack spread should continue to widen. The June RBOB/WTI crack spread briefly traded above \$25 before settling at \$24.72. If we could get this spread to clearly break through \$25, we would look for a run at \$27.50 area.

The main trend for WTI is to the upside but moving oscillators are approaching overbought territory. Based on this, we would expect a bit of a shack out to the downside, with the \$63 our target area. Should this market break below \$62.27, the trend will reverse to the downside. Resistance remains at \$66.74, with additional resistance set at \$67.98.

Fundamental News: Genscape reported that crude oil inventories in the ARA region increased by 437,000 bpd in the week ending April 30th to 58.9 million barrels.

U.K. road use reportedly reached pre-coronavirus levels on May 1 and April 25th according to the British government data. It is the first time since September that road use was at 100% of pre-covid levels.

The EIA's weekly crude oil adjustment factor rose to a record 1.72 million b/d in data going back to 2001. The number reflects the difference between stockpile numbers and those implied by production, refinery demand, imports and exports. The adjustment Bloomberg reports could imply that the agency's current crude production numbers are lagging behind real time data and that U.S. crude production could be higher than what the EIA has reported.

IIR Energy reported that U.S. oil refiners are expected to shut in 677,000 bpd of capacity in the week ending May 7th, increasing available refining capacity by 289,000 bpd from the previous week. Offline capacity is expected to increase to 683,000 bpd in the week ending May 14th.

Early Market Call - as of 8:00 AM EDT
 WTI - June \$65.21, down 42 cents
 RBOB - June \$2.1336, down 1.77 cents
 HO - June \$1.9905, down 1.20 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-21	\$ 2.0025	\$ 0.0037	\$ 0.0628
Jul-21	\$ 2.0035	\$ 0.0036	\$ 0.0623
Aug-21	\$ 2.0052	\$ 0.0035	\$ 0.0618
Sep-21	\$ 2.0082	\$ 0.0032	\$ 0.0609
Oct-21	\$ 2.0101	\$ 0.0026	\$ 0.0594
Nov-21	\$ 2.0114	\$ 0.0026	\$ 0.0582
Dec-21	\$ 2.0113	\$ 0.0029	\$ 0.0576
Jan-22	\$ 2.0112	\$ 0.0032	\$ 0.0571
Feb-22	\$ 2.0072	\$ 0.0032	\$ 0.0560
Mar-22	\$ 1.9990	\$ 0.0032	\$ 0.0549
Apr-22	\$ 1.9865	\$ 0.0029	\$ 0.0537
May-22	\$ 1.9791	\$ 0.0027	\$ 0.0521
Jun-22	\$ 1.9741	\$ 0.0027	\$ 0.0510
Jul-22	\$ 1.9729	\$ 0.0027	\$ 0.0492
Aug-22	\$ 1.9719	\$ 0.0027	\$ 0.0476
Sep-22	\$ 1.9718	\$ 0.0027	\$ 0.0475
Oct-22	\$ 1.9720	\$ 0.0027	\$ 0.0446

Sprague HeatCurve October 2021-April 2022			\$2.0064
		Close	Change
Crude - WTI	June Brent- WTI Spread \$3.33	\$65.6300	-\$0.0600
Crude - Brent		\$68.9600	\$0.0800
Natural Gas		\$2.9380	-\$0.0290
Gasoline		\$2.1347	\$0.0001

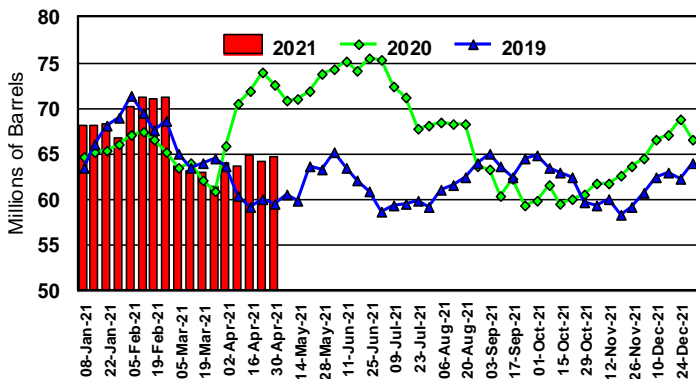
EIA Weekly Stock Report

EIA Report for the Week Ending April 30th

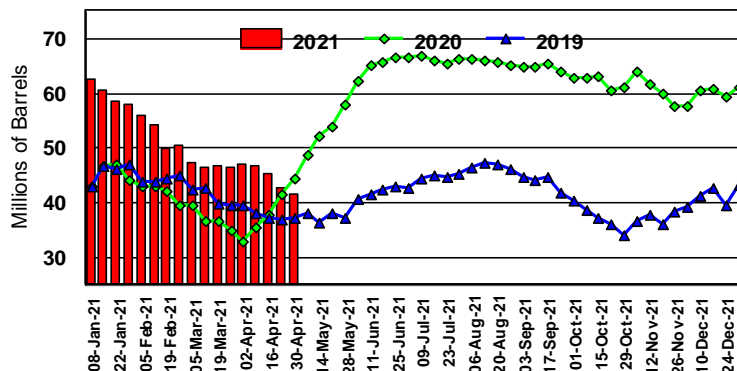
- Crude Oil Stocks – down 7.99 million barrels
- Cushing Stocks – up 254,000 barrels
- Crude Imports – down 1.165 million bpd
- Distillate Stocks – down 2.896 million barrels
- Gasoline Stocks – up 737,000 barrels
- Refinery Runs – up 1.1%, at 86.5%

EIA Weekly Stock Levels

Gasoline Stocks PADD #1



Distillate Stocks PADD #1



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