

Market Commentary

Recap: The crude market posted an outside trading day after it rallied higher in overnight trading after the API report showed a larger than expected draw in crude stocks late Wednesday afternoon and sold off sharply, ending Thursday's session at its lowest level since March 8th. The market, which posted a high of \$59.70 in overnight trading, erased its gains as it awaited the release of the EIA report. The market sold off following the EIA report, which showed a smaller than expected draw in crude stocks of 282,000 barrels and an increase in oil production to a record level. It was also pressured by the weakness seen in the equities market. The crude market sold off to a low of \$56.33 ahead of the close and settled down \$2.22 at \$56.59. The July Brent contract settled down \$2.58 at \$66.87. Meanwhile, the product markets also ended the session sharply lower, with the heating oil market settling down 5.25 cents at \$1.915 and the RBOB market settling down 6.66 cents at \$1.8786.

Technical Analysis: The crude market on Friday will likely settle in a sideways trading range following Thursday's volatility, which caused the market to post a trading range of more than \$3.30. The market is seen finding support at its low of \$56.33, \$55.80, \$55.31 and \$55.19. Resistance is seen at \$59.24, its 38% retracement level off a low of \$56.33 to a high of \$63.96, its high of \$59.70, followed by \$60.15, its 50% retracement level and \$61.05, its 62% retracement level. Further upside is seen at \$61.41 and \$63.00.

Fundamental News: Russia's pipeline monopoly, Transneft, said contaminated Russian oil volumes sent to Europe are much smaller than claimed by Belarus and Poland. Transneft's Vice President, Sergei Andronov, said about 3 million tons of oil was contaminated with organic chloride, not the 5 million estimated by Belarus which transits Russian oil to Poland. He said about 690,000 tons of contaminated oil had been sent to Poland and Germany, well short of Poland's estimate of 1.1 million tons.

Azeri Energy Minister, Parviz Shahbazov, said the country would agree to a possible extension of the global oil output cut agreement between OPEC and non-OPEC producers.

Industry sources stated that Russian oil output fell to 11.12 million bpd for May 1-29 from 11.23 million bpd in April, as the country deals with the fallout from a crisis over tainted oil in the Druzhba pipeline.

Arab leaders gathered in Saudi Arabia on Thursday for emergency summits that Riyadh hopes will deliver a strong message to Iran that regional powers will defend their interests against any threat following attacks on Gulf oil assets this month. Saudi Arabia and the UAE have stated that they want to avoid war after drone strikes on oil pumping stations in Saudi Arabia and the sabotage of oil tankers off the UAE coast.

US Special Representative for Iran, Brian Hook, said the US will respond with military force if its interests are attacked by Iran. Separately, White House National Security Adviser, John Bolton, said the threat from Iran is not over but quick action from the US has helped deter it.

Bernstein Energy stated that an escalating US-China trade war represents a risk to oil markets. It added that under "a full-blown trade war scenario" global oil demand would grow by 0.7% this year, only half of current estimates. It said that due to weakening demand, any upside for oil markets was capped despite relatively tight supply.

The US EPA said it waived an environmental rule through June 17th for gasoline sold in Allegheny County, Pennsylvania after damage to Buckeye Partners' Laurel products pipeline.

Early Market Call - as of 8:50 AM EDT

WTI - July \$55.33, down \$1.25

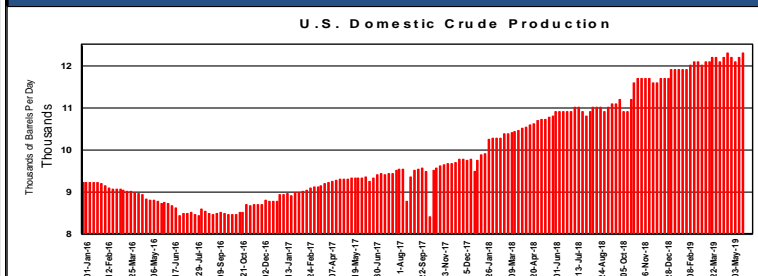
RBOB - June \$1.8390, down 3.6 cents

HO - June \$1.8791, down 3.5 cents

All NYMEX | Prior Settlements

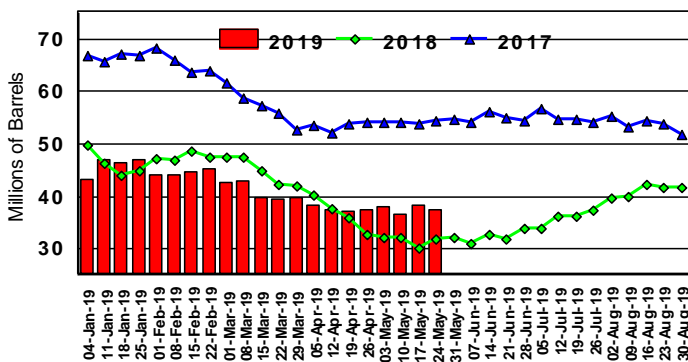
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-19	\$1.9150	-\$0.0525	-\$0.0474
Jul-19	\$1.9183	-\$0.0510	-\$0.0448
Aug-19	\$1.9229	-\$0.0513	-\$0.0434
Sep-19	\$1.9307	-\$0.0515	-\$0.0422
Oct-19	\$1.9382	-\$0.0516	-\$0.0410
Nov-19	\$1.9438	-\$0.0517	-\$0.0397
Dec-19	\$1.9471	-\$0.0515	-\$0.0383
Jan-20	\$1.9493	-\$0.0513	-\$0.0371
Feb-20	\$1.9461	-\$0.0506	-\$0.0352
Mar-20	\$1.9377	-\$0.0496	-\$0.0332
Apr-20	\$1.9243	-\$0.0485	-\$0.0312
May-20	\$1.9160	-\$0.0472	-\$0.0298
Jun-20	\$1.9111	-\$0.0462	-\$0.0287
Jul-20	\$1.9112	-\$0.0453	-\$0.0263
Aug-20	\$1.9123	-\$0.0446	-\$0.0241
Sep-20	\$1.9141	-\$0.0437	-\$0.0220
Oct-20	\$1.9153	-\$0.0422	-\$0.0194

Sprague HeatCurve Oct 2019-Apr 2020		\$1.9429	
Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-	\$56.5900	-\$2.2200
Crude - Brent	WTI Spread	\$66.8700	-\$2.5800
Natural Gas	\$10.28	\$2.5470	-\$0.0770
Gasoline		\$1.8786	-\$0.0666



Weekly EIA Petroleum Status Report for the Week Ending May 24, 2019

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 282,000 barrels

Cushing, OK Crude Stocks Down 16,000 barrels

Gasoline Stocks Up 2.204 million barrels

Distillate Stocks Down 1.615 million barrels

Refinery % Operated 91.2%, Up 1.3%

PADD #1

Distillate Stocks (in million bbls)	Week Ending May 24, 2019	Week Ending May 17, 2019	Week Ending May 25, 2018
New England	4.6	5.1	4.3
Central Atlantic	21.5	20.5	15.3
Total PADD #1	37.2	38.2	31.7
Distillate Imports (thousands b/d)	120	41	199