

Market Commentary

Recap: Oil prices seesawed throughout the session on Tuesday, initially opening lower in early Asian trade after the European Union's efforts to enact a ban on Russian oil imports, a move that would tighten global supply, ran into resistance from member country Hungary. A rebound ensued, with both Brent and WTI jumping over the \$115 level; their highest is approximately seven weeks, as the European Union kept pushing for a ban on Russian oil imports. However, prices retreated and were slightly lower after Reuters reported that sources said U.S. President Joe Biden's administration will authorize as soon as Tuesday for U.S. oil company Chevron Corp to negotiate with Venezuelan President Nicolas Maduro's government, temporarily lifting a ban on such discussions. Focus was also on U.S. inventory reports, which are expected to show a rise in crude oil inventories and declines in distillate and gasoline stockpiles. WTI for June delivery lost \$1.80 per barrel, or 1.58% to \$112.40, while Brent for July delivery lost \$2.31 per barrel, or 2.02% to \$111.93. ULSD for June delivery lost 10.82 cents per gallon, or 2.77% to \$3.7993. June RBOB lost 8.12 cents per gallon, or 2.02% to \$3.9417.

Market Analysis: With the June contract due to expire on Monday, focus is now on the July contract. That being said, a break below \$109.12 in this soon to be front month contract puts it right back in the sideways trading pattern that dates back to the beginning of March. Below this level, additional support is seen a \$106.38. Should there be an advancement of the downside, we could see push back down toward the \$100 level. Resistance is seen at \$116.43.

Fundamental News: U.S. Treasury officials said they plan to propose the idea of European countries imposing tariffs on Russian oil at a Group of Seven finance ministers meeting this week, as a faster alternative to an outright oil embargo. EU officials are now considering a phased embargo on Russian oil in response to Moscow's war in Ukraine, but concerns from eastern European countries about supply represents a major obstacle to the plans. The Treasury officials said the tariff mechanism would be designed to keep Russian oil on the market but limit the amount of revenue that can flow to Moscow from exports.

Russia's President, Vladimir Putin, said that it was impossible for some European countries, which are heavily reliant on energy from Russia, to completely shun Russian oil. He also said that Western sanctions and a possible embargo on Russian oil had resulted in an increase in global oil prices. He said Europe will have the most expensive energy resources in case of a Russian oil embargo.

JP Morgan Global Commodities Research reported that U.S. retail gasoline prices could increase another 37% by August to a national average of \$6.20/gallon due to strong driving demand. It expects U.S. refinery runs to peak at 16.8 million bpd in August, with an average gasoline yield of 49%, meaning U.S. refiners will produce about 8.2 million bpd of gasoline.

An OPEC+ report showed that Russian crude output in April fell by nearly 9% on the month to 9.16 million bpd in April, down about 860,000 bpd from March and nearly 1.2 million bpd below Saudi Arabia's output. Overall, OPEC+ produced 2.6 million bpd below its targets in April, with total compliance with cuts increasing to a record 220% from 157% the previous month.

Colonial Pipeline Co is allocating space for Cycle 30 shipments on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina.

Early Market Call - as of 8:10 AM EDT

WTI - June \$115.24, up \$2.84
 RBOB - June \$3.9634, up 2.17 cents
 HO - June \$3.8304, up 3.11 cents

All NYMEX | Prior Settlements

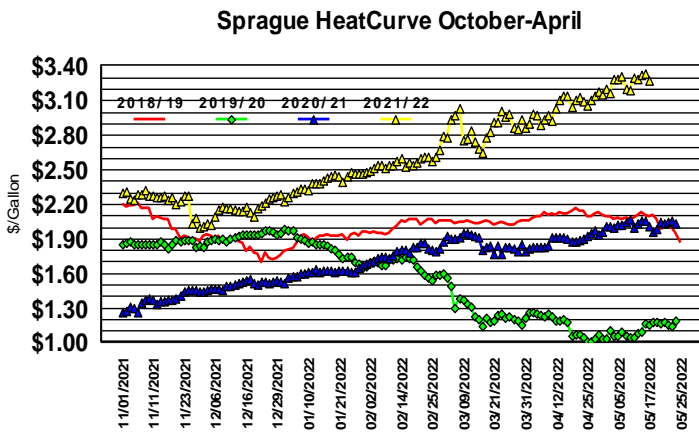
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-22	\$3.7993	-\$0.1082	-\$0.1329
Jul-22	\$3.6928	-\$0.0810	\$0.0135
Aug-22	\$3.6103	-\$0.0712	\$0.0759
Sep-22	\$3.5414	-\$0.0708	\$0.0070
Oct-22	\$3.4740	-\$0.0703	\$0.0842
Nov-22	\$3.4051	-\$0.0707	\$0.0844
Dec-22	\$3.3364	-\$0.0718	\$0.0847
Jan-23	\$3.2779	-\$0.0721	\$0.0831
Feb-23	\$3.2157	-\$0.0709	\$0.0826
Mar-23	\$3.1491	-\$0.0684	\$0.0825
Apr-23	\$3.0756	-\$0.0663	\$0.0790
May-23	\$3.0122	-\$0.0644	\$0.0728
Jun-23	\$2.9574	-\$0.0621	\$0.0608
Jul-23	\$2.9267	-\$0.0608	\$0.0594
Aug-23	\$2.8997	-\$0.0580	\$0.0539
Sep-23	\$2.8798	-\$0.0540	\$0.0531
Sep-23	\$2.8635	-\$0.0478	\$0.0545

Sprague HeatCurve October 2022-April 2023			\$3.2675
		Close	Change
Crude - WTI	June Brent-WTI Spread \$2.30	\$109.6300	-\$2.1900
Crude - Brent		\$111.9300	-\$2.3100
Natural Gas		\$8.3040	\$0.3480
Gasoline		\$3.9417	-\$0.0812

API Report for the Week Ending May 13, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 2.4 million barrels	Up 1.4 million barrels
Gasoline Stocks	Down 5.1 million barrels	Down 1.3 million barrels
Distillate Stocks	Up 1.1 million barrels	Unchanged
Refinery Runs		Up 0.6% at 90.6%

Sprague HeatCurve October-April



WTI Continuation

