

Market Commentary

All NYMEX | Prior Settlements

Recap: Despite the release of the weekly oil report this morning traders remained basically focused on one thing, the status and expected restart of the Colonial Pipeline. While product prices crept higher overnight, they surged higher once the day trading session got underway and traders found little or no new definitive information on the potential restart of the pipeline, while media reports swirled of significant retail supply outages across the Southeastern U.S. The June RBOB contract saw prices jump nearly 4 cents before 12 noon. But from midday onward with market talk increasing that some clarification on the scheduled restart would be released near the end of the day, it appeared to prompt some profit taking.

Technical Analysis: The key to this market over the near term remains centered around developments concerning the restart of the Colonial Pipeline. Given tonight's announcement from the Colonial Pipeline, it does not look like Monday's high will be challenged and retested without news of a significant hiccup in restart operations. As a result we would look for support in the June RBOB tomorrow morning to start around \$2.1223, \$2.1164 followed by \$2.0854. More distant support we see at \$2.0543 and \$2.0013. Resistance we see at \$2.1827 followed by \$2.2170 and \$2.2290.

Fundamental News: The International Energy Agency said oil demand is already outstripping supply and the shortfall is expected to widen even if Iran increases its exports as vaccinations against COVID-19 support the global economy. The IEA said output from OPEC and its allies including Russia, the so-called OPEC+ group of producers, lagged demand by around 150,000 bpd in the second quarter. That shortfall is expected to widen to a 2.5 million bpd by year's end. It said "the widening supply and demand gap paves the way for a further easing of OPEC+ supply cuts or even sharper stock draws". It noted that storage of oil had fallen to nearly the five-year-average after increasing amid the pandemic. It reported that OECD crude stocks in March fell by 25 million barrels to 2.951 billion barrels or 1.7 million barrels above the five-year average. The IEA stated that Iran's possible full reentry into the oil market, if indirect U.S. - Iranian nuclear talks succeed, would still leave production from OPEC+ producers at 1.7 million bpd short of demand. The IEA revised down its 2021 demand outlook as a whole by 270,000 bpd on lower first quarter demand in Europe and the Americas. The IEA said global oil demand in April fell by 130,000 bpd on the month. Global consumption is on track for a rebound of 5.4 million bpd or 6% this year. It said global oil supply is expected to increase by 3.8 million bpd from April to December as OPEC+ increases its output. It reported that OPEC's crude oil output in April increased by 0.3% on the month to 25.04 million bpd. In regards to refining activity, it predicts a strong ramp-up in the next four months, with runs expected to peak in August.

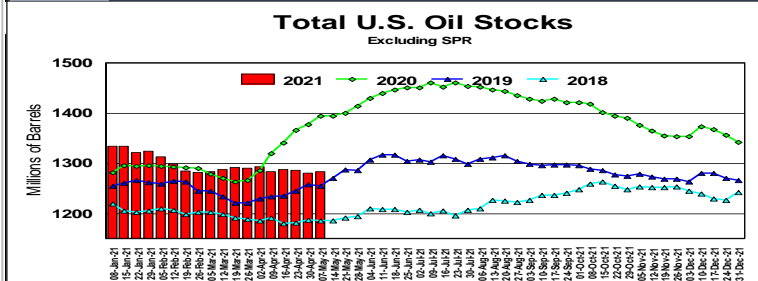
Colonial Pipeline, which has been disabled by a cyberattack for six days, sent workers to manually release some stored supplies on Wednesday as fuel shortages across the Southeast worsened. Colonial Pipeline operator manually opened portions of the line to release needed supplies in Georgia, Maryland, New Jersey and the Carolinas. It has accepted 2 million barrels of fuel to begin a restart that would "substantially" restore operation by week's end. Tracking firm GasBuddy said that nearly a third of gas stations in metro Atlanta and in Raleigh and Charlotte, North Carolina, were without fuel. Florida, North Carolina, Virginia and Georgia joined federal regulators in relaxing driver and fuel restrictions to speed deliveries of supplies. Georgia suspended sales tax on gasoline until Saturday. The average price for regular gasoline increased to \$2.99/gallon, the highest since 2014.

Early Market Call - as of 8:50 AM EDT

WTI - June \$64.57, down \$1.52
 RBOB - June \$2.1185, down 4.25 cents
 HO - June \$2.0263, down 4.32 cents

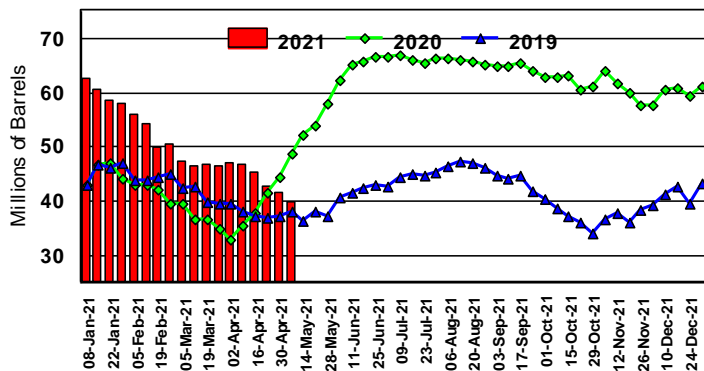
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-21	2.0695	0.0278	0.0670
Jul-21	2.0652	0.0256	0.0617
Aug-21	2.0655	0.0253	0.0603
Sep-21	2.0677	0.0248	0.0595
Oct-21	2.0690	0.0242	0.0589
Nov-21	2.0700	0.0236	0.0586
Dec-21	2.0694	0.0229	0.0581
Jan-22	2.0689	0.0220	0.0577
Feb-22	2.0645	0.0212	0.0573
Mar-22	2.0554	0.0203	0.0564
Apr-22	2.0420	0.0192	0.0555
May-22	2.0341	0.0180	0.0550
Jun-22	2.0280	0.0168	0.0539
Jul-22	2.0268	0.0160	0.0539
Aug-22	2.0262	0.0154	0.0543
Sep-22	2.0266	0.0150	0.0547
Oct-22	2.0274	0.0146	0.0554

Sprague HeatCurve October 2021-April 2022		\$2.0638
	Close	Change
Crude - WTI	\$66.1000	\$0.8000
Crude - Brent	\$69.3200	\$0.7700
Natural Gas	\$2.9690	\$0.0140
Gasoline	\$2.1610	\$0.0211



Weekly EIA Petroleum Status Report for the Week Ending May 7, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 426,000 barrels
 Cushing, OK Crude Stocks Down 421,000 barrels
Gasoline Stocks Up 378,000 barrels
Distillate Stocks Down 1.734 million barrels
Refinery % Operated 86.1%, Down 0.4%

PADD #1

Distillate Stocks (in million bbls)	Week Ending May 7, 2021	Week Ending Apr 30, 2021	Week Ending May 8, 2020
New England	8.1	8.2	9.4
Central Atlantic	18.9	20.9	26.8
Total PADD #1	39.8	41.5	52.1
Distillate Imports (thousands b/d)	110	147	166