

## Market Commentary

**Recap:** The oil market on Monday rallied higher as recession fears eased and as some traders saw the recent fall in prices due to demand concerns as overdone. The market posted a low of \$71.04 in overnight trading before it bounced off that level and continued to retrace its previous losses. The market retraced more than 50% of its move from a high of \$83.38 to a low of \$63.64 as it posted a high of \$73.69 early in the session. Analysts have stated the oil market's recent plunge looked excessive, with analysts at Goldman Sachs stating that concerns over near-term demand were "overblown". The oil market later settled in a sideways trading range from around \$72.60 to \$73.30 during the remainder of the session. The June WTI contract settled up \$1.82 at \$73.16 and the July Brent contract settled up \$1.71 at \$77.01. The product market also settled in positive territory, with the heating oil market settling up 6.3 cents at \$2.3777 and the RB market settling up 8.26 cents at \$2.4616.

**Technical Analysis:** The oil market is seen erasing some of its gains before it continues on its upward trend ahead of the release of the weekly petroleum stock reports on Tuesday afternoon and Wednesday morning. The inventory reports are expected to show draws across the board. The crude market is seen finding resistance at its high of \$73.69 followed by \$75.84, \$76.11, \$76.69 and \$76.92. Meanwhile, support is seen at \$72.60, \$71.70, its low of \$71.04 followed by \$70.00, \$69.05, \$68.48, \$67.48, \$67.16, \$66.36 and \$63.64.

**Fundamental News:** Senator John Barrasso, ranking member of the Senate energy committee, and Representative Cathy McMorris Rodgers, head of the House energy committee, asked the Government Accountability Office to evaluate the Department of Energy's management of the Strategic Petroleum Reserve after the Biden administration oversaw sales of about 250 million barrels from the facility last year. The sales have pushed levels of the reserve to the lowest level since 1983. The Republican lawmakers said they were concerned that the SPR sales may have caused structural damage to its pipelines and caverns, compromising its ability to meet its energy security mission in the event of a supply disruption. Last month, the Biden administration wrote to lawmakers, saying the sales did not damage the SPR.

On Saturday, Goldman Sachs analysts said that concerns over near-term demand and elevated supplies were "overblown".

Rain and cooler weather were expected to bring some relief on Monday to Alberta, where more than 100 wildfires have forced nearly 30,000 people from their homes. The province declared a state of emergency on Saturday and some oil companies had shut in production of at least 145,000 bpd of oil equivalent. Vermilion Energy Inc said it had temporarily shut in about 30,000 bpd of oil equivalent of production and that it was assessing the risk to its operations. Canada's Cenovus Energy Inc said it has shut-in production and brought plants down in some areas of its conventional business, due to wildfires in Alberta. Cenovus said it was working with provincial and municipal agencies to support efforts and staff in the area.

IIR Energy said U.S. oil refiners are expected to shut in 475,000 bpd of capacity in the week ending May 12<sup>th</sup>, increasing available refining capacity by 244,000 bpd. Offline capacity is expected to fall to 308,000 bpd in the week ending May 19<sup>th</sup>.

Marathon Petroleum Corp reported a flaring event due to a process upset at its 363,000 bpd Carson, California refinery on Friday.

Colonial Pipeline Co is allocating space for Cycle 28 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

Iraq's Oil Ministry said that the Al-Qayyarah oilfield in Nineveh province has resumed production and export operations, with a capacity of 33,000 bpd.

**Early Market Call - as of 9:05 AM EDT**

WTI - June \$72.36, down 80 cents

RBOB - June \$2.4461, down 1.55 cents

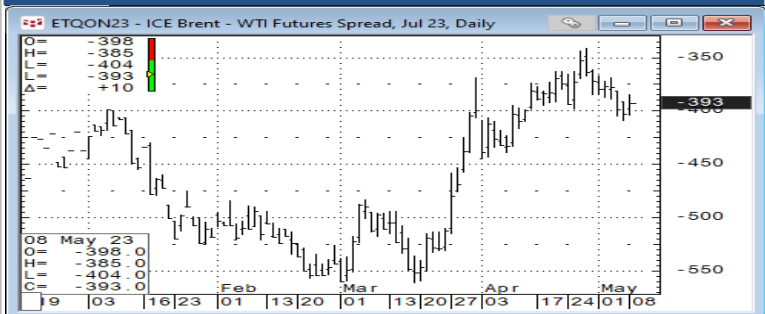
HO - June \$2.3576, down 1.98 cents

## All NYMEX | Prior Settlements

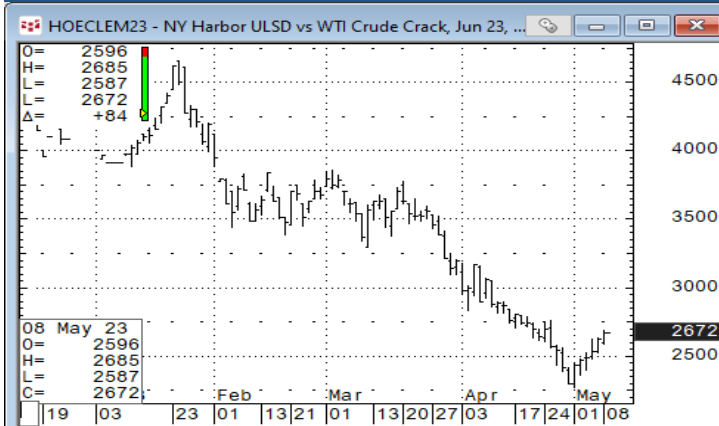
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-23	2.3777	0.0630	-0.0046
Jul-23	2.3794	0.0605	-0.0046
Aug-23	2.3849	0.0596	-0.0062
Sep-23	2.3928	0.0594	-0.0080
Oct-23	2.3994	0.0590	-0.0095
Nov-23	2.4001	0.0583	-0.0104
Dec-23	2.3965	0.0577	-0.0114
Jan-24	2.3974	0.0567	-0.0124
Feb-24	2.3955	0.0552	-0.0128
Mar-24	2.3866	0.0537	-0.0122
Apr-24	2.3695	0.0529	-0.0102
May-24	2.3591	0.0525	-0.0091
Jun-24	2.3505	0.0532	-0.0071
Jul-24	2.3469	0.0536	-0.0071
Aug-24	2.3434	0.0538	-0.0072
Sep-24	2.3399	0.0533	-0.0076
Oct-24	2.3365	0.0519	-0.0074

Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	July Brent-WTI Spread \$3.94	\$73.0700	\$1.8000
Crude - Brent		\$77.0100	\$1.7100
Natural Gas		\$2.2380	\$0.1010
Gasoline		\$2.4616	\$0.0826

### ICE July Brent-WTI Spread



### June Heating Oil Crack Spread



### July RBOB Crack Spread

