

Market Commentary

Recap: After posting dramatic gains, oil prices sold off, weighed down by macroeconomic pressures. With equities down more than 2%, crude oil prices were unable to hold on to gains that followed an apparent attack on Saudi Arabian oil tankers near the Persian Gulf. June WTI gained as much as 2.7%, rising to a high of \$63.33 a barrel by 9:48 EDT, while Brent for July delivery peaked the session at \$71.64 a barrel. Prices slipped after the U.S. and China failed to reach a trade agreement, with China threatening to impose a 25% tariff on U.S. goods. June WTI fell to a low of \$60.64, a loss of 1.6%, and July Brent fell 1.2%, to a low of \$69.73. Losses were pared, with June WTI settling at \$61.04 a barrel, down 62 cents, or 1.01%, and July Brent falling 39 cents, to settle at \$70.23 a barrel. June RBOB declined by 0.9% to \$1.972 a gallon, while June heating oil fell 0.4% to \$2.042 a gallon.

Technical Analysis: Despite Monday's sell-off, WTI remains range bound, trading between \$60.00 and \$65.00. It did however, settle below the 50 and 200 - day moving averages, which are both set at \$61.41. Should the shorter term average cross below the longer term average, we could see an attempt to break below the bottom of the aforementioned range. Below \$60.00, additional support is set at \$59.50 and below that at \$58.25. Resistance is set at \$61.65 and \$62.60.

Fundamental News: Saudi Arabia said that two of its oil tankers were among those attacked off the coast of the UAE and said it was an attempt to undermine the security of crude supplies amid tensions between the US and Iran. The UAE said that four commercial vessels were sabotaged near Fujairah emirate, one of the world's largest bunkering hubs lying just outside the Strait of Hormuz, but did not describe the nature of the attack or say who was behind it. Iran moved to distance itself on Monday. Iran's Foreign Ministry called the incidents "worrisome and dreadful" and asked for an investigation into the matter. A senior Iranian lawmaker said "saboteurs from a third country" could be behind it, after saying on Sunday the incident showed the security of Gulf states was fragile. Saudi Arabia expressed support for the UAE, following the attacks on the four vessels.

Britain's Foreign Minister, Jeremy Hunt, said Iran and the US could trigger a conflict by accident in an already unstable Gulf region, urging a period of calm as US Secretary of State Mike Pompeo held talks in Brussels with the main European powers on the crisis. Meanwhile, EU Foreign Policy Chief, Federica Mogherini and German Foreign Minister, Heiko Maas, said they would continue to support the nuclear pact because Iran continued to comply with inspections.

Sources with knowledge of Iran-EU talks said Iran insists on exporting at least 1.5 million bpd of oil, triple May's expected levels under US sanctions, as a condition for staying in an international nuclear deal. The sanctions have already more than halved Iranian oil exports to 1 million bpd or less, from a peak of 2.8 million bpd last year. Exports could fall to as low as 500,000 bpd from May. According to one European Union official, the Iranians have not been specific, but they wanted to ensure production returned to pre-sanctions levels. Other sources said Iran's demand seemed to be in a general range of 1.5 million to 2 million bpd.

Russia has started shipping clean oil via the Baltic after a contamination problem disrupted flows for three weeks and it is working to resume supplies via the Druzhba pipeline to Europe although traders said this may take several more weeks to fix.

The US EIA reported that US oil production from seven major shale formations is expected to increase by about 83,000 bpd in June to about 8.49 million bpd.

Early Market Call - as of 9:00 AM EDT

WTI - June \$61.69, up 66 cents

RBOB - June \$1.9810, up 1.73 cents

HO - June \$2.0477, up 89 points

All NYMEX | Prior Settlements

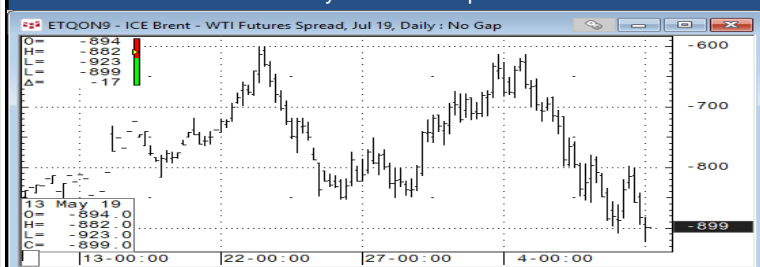
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-19	2.0384	-0.012	-0.0292
Jul-19	2.0405	-0.0115	-0.0295
Aug-19	2.0448	-0.0122	-0.029
Sep-19	2.0516	-0.0123	-0.0303
Oct-19	2.059	-0.0123	-0.0311
Nov-19	2.0651	-0.0125	-0.0318
Dec-19	2.0689	-0.0129	-0.0327
Jan-20	2.0713	-0.0131	-0.0327
Feb-20	2.0667	-0.0132	-0.0322
Mar-20	2.0553	-0.0131	-0.0326
Apr-20	2.0385	-0.0131	-0.0332
May-20	2.0271	-0.0127	-0.0331
Jun-20	2.0184	-0.0127	-0.0337
Jul-20	2.0138	-0.0127	-0.0332
Aug-20	2.0098	-0.0127	-0.033
Sep-20	2.0073	-0.0124	-0.0323
Oct-20	2.005	-0.0128	-0.033

Sprague HeatCurve Oct 2019-Apr 2020

\$2.0631

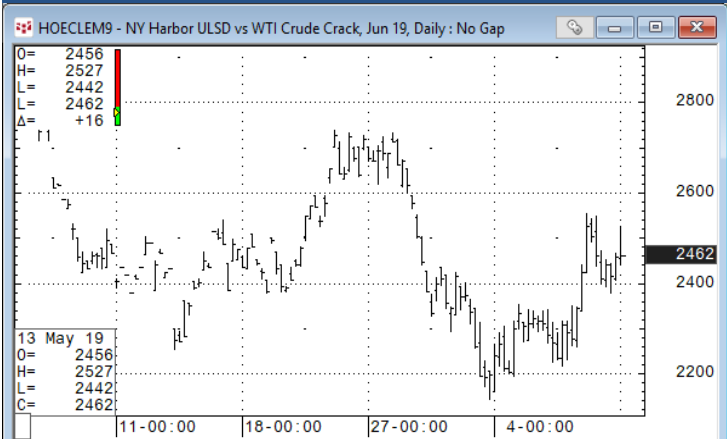
Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-	\$61.2100	-\$0.5900
Crude - Brent	WTI Spread	\$70.2300	-\$0.3900
Natural Gas	\$9.02	\$2.6210	\$0.0020
Gasoline		\$1.9637	-\$0.0254

ICE July Brent-WTI Spread

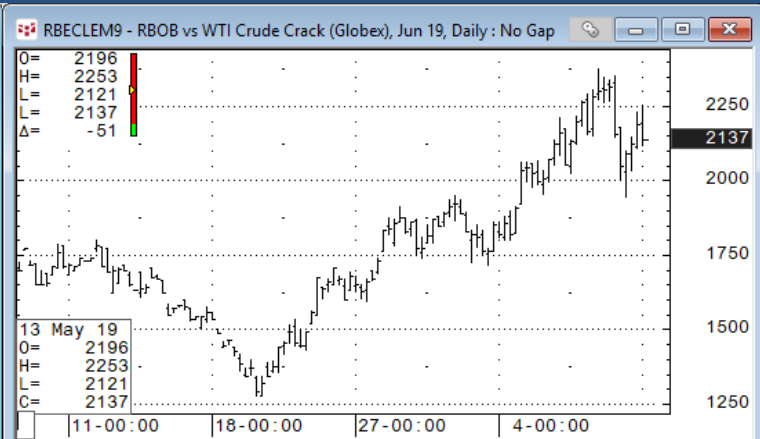


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June Heating Oil Crack Spread



June RBOB Crack Spread



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