

## Market Commentary

**Recap:** Oil prices rose for the third straight day, with WTI rising to its highest level since November 2014 and Brent posting its fourth week of gains, as global supplies remain tight and as traders gear up for U.S. President Trump's decision on the Iranian nuclear deal. Trump's pending decision overshadowed the U.S. active rig count, which rose by 9, for the fifth straight week of gains. June WTI rose as much as 2.25%, to a high of \$69.97, while Brent gained as much as 1.94%, touching a high of \$75.05. Prior to settlement, gains were pared, with June WTI settling at \$69.72 a barrel, up \$1.29, or 1.89%, and July Brent settling at \$74.87 a barrel, up \$1.25, or 1.70%. Despite Friday's gains, WTI continues to struggle at \$70 a barrel, while Brent continues to have difficulty with \$75 a barrel.

June RBOB rose 1.3% to \$2.114 a gallon, ending about 0.7% lower on the week, while June heating oil advanced by 2% to \$2.154 a gallon, for a weekly rise of around 0.9%.

**Fundamental News:** US energy companies added oil rigs for a fifth week in a row as they follow through on plans to spend more on drilling this year with higher crude prices. Drillers added nine oil rigs in the week ending May 4<sup>th</sup>, bringing the total count to 834, the highest level since March 2015.

According to Oil Movements, OPEC shipments are expected to fall by 120,000 bpd to 24.9 million bpd in the four week period ending May 19<sup>th</sup> compared with the previous period ending April 21<sup>st</sup>.

In their Offshore Energy Outlook, the IEA has forecasted the average capital costs for offshore oil and gas projects by 2025 to be 25% lower than 2014 levels due to an oversupply of offshore rigs. The report also highlighted a five-fold rise in offshore wind deployment since 2010 to 18.7 GW in 2017, led by Europe and particularly the UK, but said the economic potential of offshore wind remained "highly uncertain and sensitive to technology cost declines." The agency also expects gas to become the largest component in offshore hydrocarbon output in 2040 under its central "New Policies Scenario." Under the scenario annual offshore gas production rises to 1,700 Bcm by 2040, having risen almost 30% to over 1,000 Bcm/year in the last decade. The offshore account for just over a quarter of all gas production presently, but rises above 30% by 2040 under the scenario.

While Iran's oil exports are increasing, its production level has remained relatively flat. Iran's crude exports in April increased to the highest level since sanctions were eased more than two years ago. Crude shipments increased to 2.48 million bpd in April from 2.06 million bpd in March. This coincides with a 4 million barrel drawdown from tankers storing oil at sea. The increase in shipments also reflects the halt of almost 100,000 bpd of Iranian refining capacity, rather than higher crude output. Production has remained relatively flat at about 3.8 million bpd.

The shutdown at the UK's Sullom Voe oil terminal has caused the delay of loading for North Sea Brent crude cargoes for both May and June. One of five cargoes due to load in May has been dropped from the loading schedule and another was delayed until June. June loadings are expected to be delayed at least 4-5 days. According to a source familiar with the matter, the terminal is still expected to reopen on Sunday.

IIR Energy has estimated U.S. oil refiners to have 1,144,000 barrel per day of capacity offline in the week ending May 4, increasing available refining capacity by 134,000 bpd from the previous week. IIR expects offline capacity to fall to 1,050,000 bpd in the week to May 11, and further to 749,000 bpd in the week ending May 18.

Bloomberg reported that global refinery outages reached 4.66 million bpd in the week ending April 3<sup>rd</sup>, compared with 5.85 million bpd in the previous week.

**Early Market Call - as of 8:30 AM EDT**

WTI - June \$70.71, up 99 cents

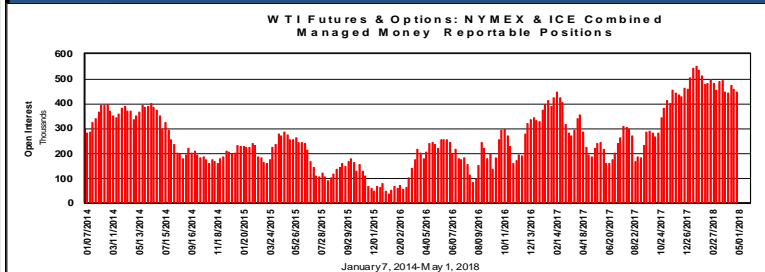
RBOB - June \$2.1338, up 1.97 cents

HO - June \$2.1714, up 1.76 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-18	\$2.1540	\$0.0413	\$0.0197
Jul-18	\$2.1483	\$0.0411	\$0.0214
Aug-18	\$2.1465	\$0.0409	\$0.0234
Sep-18	\$2.1476	\$0.0410	\$0.0238
Oct-18	\$2.1485	\$0.0412	\$0.0242
Nov-18	\$2.1493	\$0.0414	\$0.0256
Dec-18	\$2.1475	\$0.0416	\$0.0265
Jan-19	\$2.1476	\$0.0414	\$0.0286
Feb-19	\$2.1439	\$0.0406	\$0.0318
Mar-19	\$2.1342	\$0.0399	\$0.0353
Apr-19	\$2.1176	\$0.0388	\$0.0379
May-19	\$2.1071	\$0.0380	\$0.0397
Jun-19	\$2.1008	\$0.0375	\$0.0428
Jul-19	\$2.0981	\$0.0371	\$0.0435
Aug-19	\$2.0991	\$0.0362	\$0.0437
Sep-19	\$2.1038	\$0.0357	\$0.0441
Oct-19	\$2.1096	\$0.0355	\$0.0445

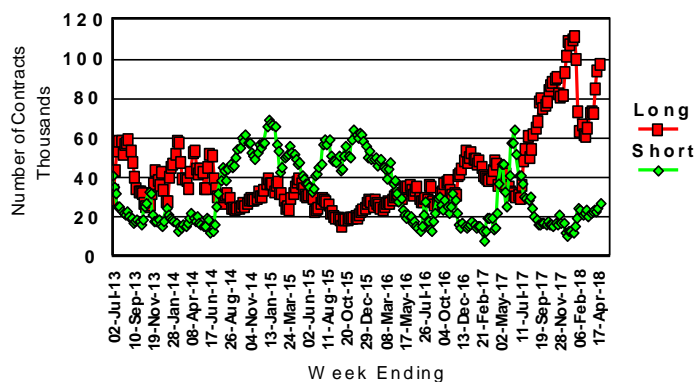
Sprague HeatCurve Oct 2018-April 2019		\$2.1424
Other Front Month NYMEX		Close
		Change
Crude - WTI	July Brent-WTI Spread \$5.29	\$69.5800
Crude - Brent		\$74.8700
Natural Gas		\$2.7110
Gasoline		\$2.1140



## Commitment of Traders Report for the Week Ending May 1, 2018

### Managed Money Heat Positons

CFTC Commitment of Traders Report



### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report

