

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures turned higher on Thursday, posting strong gains, as traders shrugged off the 7.9 million barrel build in U.S. crude oil inventories and instead focused on the 700,000 barrel drop in gasoline stockpiles and the 3.4 million barrel fall in crude oil stored at Cushing, OK. The rise in inventories reflected a surge in imports of oil from Saudi Arabia as a much publicized flotilla of tankers carrying crude from the kingdom begin to arrive, a legacy of the short-lived price war between the Saudis and Russia that amplified a collapse in crude prices in March and April. WTI July delivery rose 90 cents, or 2.7%, to finish at \$33.71 a barrel, while August Brent gained 55 cents per barrel, or 1.6%, to finish at \$35.29. July RBOB rose 0.8% to end at \$1.026 a gallon, while July heating oil fell 3.4% to 97.52 cents a gallon.

Technical Analysis: WTI remains within the sideways pattern, as it trades between the range of \$30 and \$35 that began in early May. The July contract continues to butt up against \$34.72, the 38% retracement set by the December high of \$62.95 and the April low of \$17.27. The main trend remains to the downside however; a break above \$34.72 and \$35.18 will shift the trend to the upside. Support is set at \$32.84, and below that at \$27.83, the 10 and 50 day moving averages respectively. Resistance is set at \$35.18 and \$36.35.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, May 26th fell by 3,690,596 barrels and by 1,461,950 barrels from Friday, May 22nd to 54,937,301 barrels.

This morning's EIA report showed that U.S crude oil imports for the week ending May 22nd surged to 7.2 million b/d up more than 38% from the prior week, and the highest level since August of last year. This appears to be finally the long discussed Saudi oil making landfall into U.S. markets. The U.S. Customs Department reported this week that between May 6th and May 20th, about 12.7 million barrels of Saudi crude arrived into the U.S., both on the Gulf Coast and West Coast.

According to OPEC+ and Russian industry sources, Saudi Arabia and some other OPEC oil producers are considering extending record high output cuts until the end of 2020 but have yet to win support from Russia. The Organization of the Petroleum Exporting Countries and other producers led by Russia, a group known as OPEC+, agreed last month to cut output by 9.7 million bpd in May and June. Several OPEC+ sources said there are discussions led by de facto OPEC leader Saudi Arabia about sustaining those cuts beyond June.

The Kremlin declined to provide additional comments on Russia's thinking ahead of a meeting between the OPEC+ group of leading oil producers next month. On Wednesday, Russia's President, Vladimir Putin, and Saudi Crown Prince, Mohammed bin Salman, agreed during a telephone call on further "close coordination" on oil output restrictions. Separately, the Kremlin said Russia's President, Vladimir Putin, and Qatar's Emir, Sheikh Tamim bin Hamad Al Thani, discussed continued cooperation between their two countries in the energy and investment spheres during a phone call on Thursday.

Early Market Call - as of 8:25 AM EDT

WTI - July \$33.07, down 62 cents
 RBOB - June \$1.0007, up 22 points
 HO - June \$9247, down 9 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-20	0.9256	-0.0465	0.0634
Jul-20	0.9751	-0.0348	0.0564
Aug-20	1.0149	-0.0268	0.0529
Sep-20	1.0480	-0.0241	0.0531
Oct-20	1.0760	-0.0202	0.0496
Nov-20	1.1008	-0.0163	0.0440
Dec-20	1.1206	-0.0133	0.0390
Jan-21	1.1400	-0.0114	0.0350
Feb-21	1.1569	-0.0097	0.0317
Mar-21	1.1708	-0.0084	0.0282
Apr-21	1.1788	-0.0074	0.0251
May-21	1.1876	-0.0061	0.0231
Jun-21	1.1985	-0.0055	0.0213
Jul-21	1.2160	-0.0050	0.0198
Aug-21	1.2323	-0.0045	0.0182
Sep-21	1.2456	-0.0041	0.0165
Oct-21	1.2579	-0.0035	0.0140

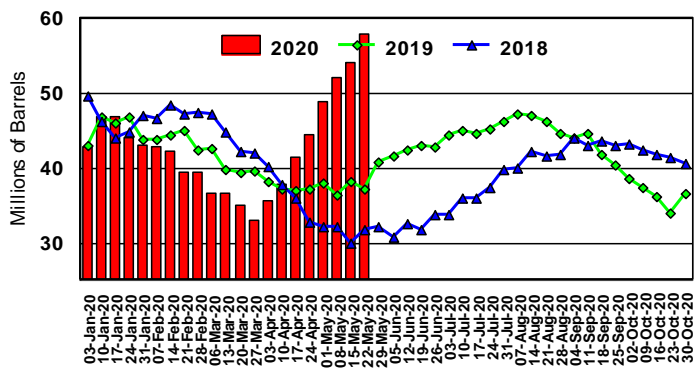
Sprague Heat Weighted Strip October -April 20/2021		\$1.1388	
		Close	Change
Crude - WTI	July Brent- WTI Spread \$1.58	\$33.7100	\$0.9000
Crude - Brent		\$35.2900	\$0.5500
Natural Gas		\$1.8270	-\$0.0590
Gasoline		\$0.9985	\$0.0052

EIA Working Gas Storage Report

	22-May-20	15-May-20	Change	Year Ago
East	504	469	35	374
Midwest	606	576	30	389
Mountain	132	124	8	92
Pacific	254	253	1	195
South Central	1,105	1,081	24	784
Salt	348	345	3	252
Nonsalt	757	737	20	532
Total	2,612	2,503	109	1,834

Weekly EIA Petroleum Status Report for the Week Ending May 22, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 7.928 million barrels
 Cushing, OK Crude Stocks Down 3.395 million barrels
Gasoline Stocks Down 724,000 barrels
Distillate Stocks Up 5.495 million barrels
Refinery % Operated 71.3%, up 1.9%

PADD #1

Distillate Stocks (in million bbls)	Week Ending May 22, 2020	Week Ending May 25, 2020	Week Ending May 23, 2019
New England	10.3	9.7	4.6
Central Atlantic	32.9	29.5	21.5
Total PADD #1	57.9	54.0	37.2
Distillate Imports (thousands b/d)	132	222	120

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