

Market Commentary

Recap: Oil prices slipped on Wednesday after the EIA reported an unexpected build in U.S. crude oil and gasoline inventories. The possibility that OPEC may increase output to make up for any shortfalls from Iran and Venezuela also weighed on prices. July WTI was trading slightly below unchanged at \$72.03 a barrel just before the release of the EIA report, but quickly fell 1.16% to \$71.19, while Brent slipped 1.27%, to a low of \$78.21. Both blends gave up early losses, with July WTI falling into a sideways trading range for the remainder of the session, trading within the range of \$71.95 and \$71.52 before settling at \$71.84 a barrel, down 36 cents, or 0.50%. Brent fared better, recouping all of its losses to settle at \$79.80 a barrel, up 23 cents, or 0.29%.

June RBOB fell 1 cent, 0.4% to settle at \$2.260 a gallon, while June heating oil tacked on a penny, or 0.4% to settle at \$2.290 a gallon.

Fundamental News: German Foreign Minister, Heiko Maas, said European countries will remain united in their determination to stick to the 2015 nuclear agreement with Iran despite the US' decision to exit the agreement.

According to an estimate by Bloomberg New Energy Finance, crude imports to the US Gulf Coast increased by 156,000 bpd to 2.73 million bpd in the week ending May 18th.

Royal Dutch Shell said a declaration of force majeure remained in place on shipments of Bonny Light crude, while exports at the Forcados shipping hub were running as normal. It declared a force majeure on Bonny Light crude exports following a shutdown on the Nembe Creek Trunk Line stream. Exports of Bonny Light are expected to run at about 195,000 bpd next month. Separately, Flows of crude oil along Nigeria's Trans Forcados pipeline have started to increase again following an outage of almost a week. The pipeline, which usually carries 200,000 to 240,000 bpd, was closed to repair leak a week ago.

Iraq's Oil Ministry reported that the country exported 3.339 million bpd of crude from its central and southern oilfields in April.

A member of the Iranian parliament's energy commission, Hossein Amiri Khamkani, said Iran is expected to maintain its crude exports at 2.2 million bpd.

Libya's National Oil Corp said there was a minor distribution delay from Raguba field but production was unaffected despite threats from protesters. The distribution problem between the 5,000 bpd field and the port of Brega happened on Tuesday but production continued into on-site storage. Earlier, Sirte Oil Co said Libyan protesters shut down the eastern Raguba oilfield.

IIR Energy reported that US oil refiners are expected to shut in 520,000 bpd of capacity in the week ending May 25th, increasing available refining capacity by 650,000 bpd from the previous week. IIR expects offline capacity to increase to 528,000 bpd in the week ending June 1st.

Marathon Petroleum has asked the Environmental Protection Agency for a hardship waiver exempting one of its facilities from the country's biofuels law.

Euroilstock reported that Europe's refinery output in April increased by 3.9% on the month but fell 3.1% on the year to 10.653 million bpd. European gasoline output in April increased by 0.2% on the month but fell by 2.9% on the year to 2.349 million bpd while middle distillates output increased by 3.4% on the month but fell by 3.6% on the year to 5.44 million bpd.

Early Market Call - as of 8:40 AM EDT

WTI - July \$70.99, down 85 cents

RBOB - June \$2.2419, down 1.84 cents

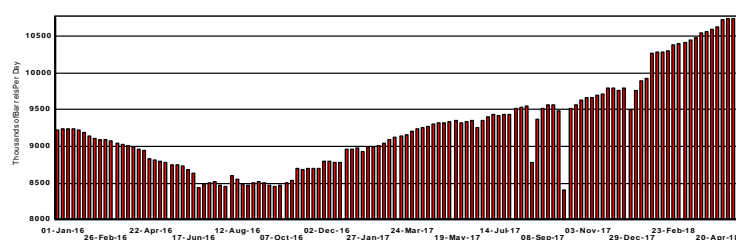
HO - June \$2.2730, down 1.69 cents

All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-18	\$2.2896	\$0.0096	\$0.0204
Jul-18	\$2.2859	\$0.0088	\$0.0229
Aug-18	\$2.2851	\$0.0082	\$0.0250
Sep-18	\$2.2879	\$0.0079	\$0.0269
Oct-18	\$2.2894	\$0.0074	\$0.0281
Nov-18	\$2.2895	\$0.0073	\$0.0294
Dec-18	\$2.2870	\$0.0071	\$0.0299
Jan-19	\$2.2868	\$0.0067	\$0.0302
Feb-19	\$2.2827	\$0.0059	\$0.0313
Mar-19	\$2.2734	\$0.0057	\$0.0333
Apr-19	\$2.2412	\$0.0056	\$0.0357
May-19	\$2.2520	\$0.0056	\$0.0378
Jun-19	\$2.2455	\$0.0056	\$0.0397
Jul-19	\$2.2416	\$0.0054	\$0.0400
Aug-19	\$2.2412	\$0.0051	\$0.0397
Sep-19	\$2.2470	\$0.0051	\$0.0398
Oct-19	\$2.2533	\$0.0051	\$0.0398

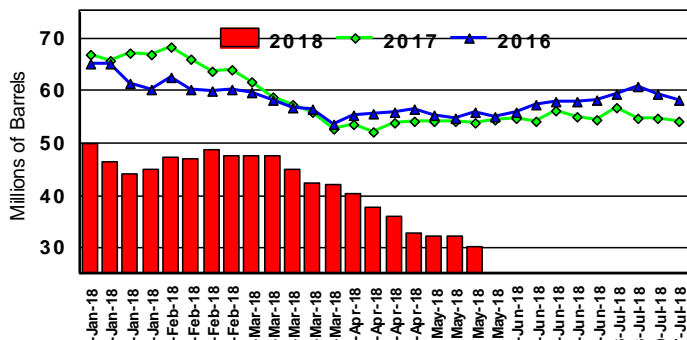
Sprague HeatCurve Oct 2018-April 2019		\$2.2821	
Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-WTI Spread \$7.96	\$71.8400	-\$0.3600
Crude - Brent		\$79.8000	\$0.2300
Natural Gas		\$2.9140	\$0.0060
Gasoline		\$2.2601	-\$0.0101

U.S. Domestic Crude Production



EIA Weekly Petroleum Status Report for the Week Ending May 18, 2018

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 5.778 million barrels

Cushing, OK Crude Stocks Down 1.123 million barrels

Gasoline Stocks Up 1.883 million barrels

Distillate Stocks Down 951,000 barrels

Refinery % Operated 91.8%, Up 0.7%

PADD #1

Distillate Stocks (in million bbls)	Week Ending May 18, 2018	Week Ending May 1, 2018	Week Ending May 19, 2017
New England	4.1	4.6	8.1
Central Atlantic	15.3	15.7	33.5
Total PADD #1	30.0	32.1	53.7
Distillate Imports (thousands b/d)	24	65	89