

Market Commentary

Recap: Oil prices slipped on Friday; however, WTI posted its fourth straight week of gains, while Brent settled higher for the sixth straight week. The lack of new fundamentals is beginning to take its toll on prices, holding them at 3 and half year highs. Traders are focused on Venezuela's presidential election, which is to be held on Sunday. Fear, is that if current President Maduro is re-elected, there is the possibility that the U.S. may levy additional sanctions on Venezuela. This limited the down move. July Brent settled at \$78.51 a barrel, down 79 cents, or 1%, while WTI for June delivery slipped 21 cents, or 0.29%, to settle at \$71.28 a barrel.

June RBOB fell 0.4% to \$2.233 a gallon, while June heating oil lost 0.7% to settle at \$2.266 a gallon.

Fundamental News: Baker Hughes reported that the US oil rig count held steady this week after rising for six consecutive weeks. It reported that the total oil rig count held at 844 in the week ending May 18th.

Bloomberg reported that US road trips will cost more this year. Drivers are paying an average of \$2.90/gallon for regular gasoline and there may be no relief in sight as oil in London topped \$80/barrel on Thursday due to tightening global supplies. According to the AAA, gasoline prices have risen for nine consecutive days. An analyst at GasBuddy said that while the average costs are not expected to reach the record \$4.14/gallon reached in July 2008, there is a 75% chance they will soon reach \$3/gallon. He said for the three months of summer, assuming prices do not rise further, US drivers will pay an average of \$100 more for gasoline than a year earlier.

Bloomberg Intelligence analysts stated that US refiners are maxing out on the shale they can process as production increases, contributing to the widening between the WTI-Brent spread. Oil Movements reported that OPEC shipments are expected to fall by 240,000 bpd to 24.22 million bpd in the four week period ending June 2nd. Mideast shipments, including those from non-OPEC nations Oman and Yemen, are expected to increase by 60,000 bpd to 17.96 million bpd.

Russia's President Vladimir Putin said he had discussed the US withdrawal from the Iran nuclear deal during talks with Germany's Chancellor, Angela Merkel in Sochi. European powers this week vowed to shore up the deal after US President Donald Trump announced the US' withdrawal.

Russia's Energy Minister, Alexander Novak, said it will take time to assess if oil prices remain volatile or not, commenting on Saudi Arabia's claims that the situation on the global oil market remains unbalanced.

IIR Energy reported that US oil refiners are expected to shut in 1.17 million bpd of capacity in the week ending May 18th, increasing available refining capacity by 102,000 bpd from the previous week. IIR expects offline capacity to fall to 576,000 bpd in the week ending May 25th and to 600,000 bpd in the week ending June 1st.

According to Bloomberg, global refinery outages reached 4.258 million bpd in the week ending May 17th, compared with 5.06 million bpd in the previous week.

Diesel imports from Asia and the Middle East continue to increase and were expected to reach 2 million tons in May but could be lower if more volumes are diverted. Imports from the US Gulf Coast in May were expected at about 1 million tons.

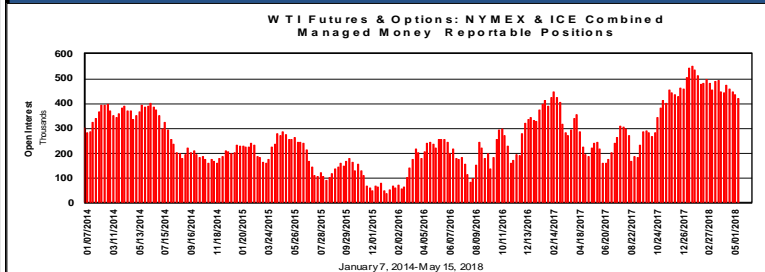
Early Market Call - as of 9:00 AM EDT

WTI - June \$71.39, up 11 cents
 RBOB - June \$2.2282, down 49 points
 HO - June \$2.2577, down 77 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-18	\$2.2655	-\$0.0153	\$0.0435
Jul-18	\$2.2591	-\$0.0155	\$0.0437
Aug-18	\$2.2568	-\$0.0154	\$0.0425
Sep-18	\$2.2586	-\$0.0148	\$0.0429
Oct-18	\$2.2595	-\$0.0145	\$0.0438
Nov-18	\$2.2588	-\$0.0146	\$0.0439
Dec-18	\$2.2561	-\$0.0147	\$0.0434
Jan-19	\$2.2558	-\$0.0147	\$0.0430
Feb-19	\$2.2508	-\$0.0145	\$0.0430
Mar-19	\$2.2403	-\$0.0135	\$0.0445
Apr-19	\$2.2090	-\$0.0121	\$0.0480
May-19	\$2.2183	-\$0.0103	\$0.0506
Jun-19	\$2.2119	-\$0.0090	\$0.0520
Jul-19	\$2.2084	-\$0.0089	\$0.0511
Aug-19	\$2.2090	-\$0.0091	\$0.0506
Sep-19	\$2.2153	-\$0.0094	\$0.0509
Oct-19	\$2.2217	-\$0.0102	\$0.0508

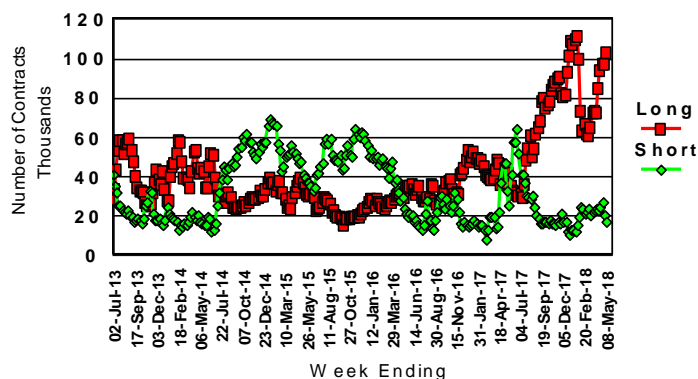
Sprague HeatCurve Oct 2018-April 2019		\$2.2505
Other Front Month NYMEX		Close
Crude - WTI	July Brent- WTI Spread \$7.14	\$71.3700
Crude - Brent		\$78.5100
Natural Gas		\$2.8470
Gasoline		\$2.2333



Commitment of Traders Report for the Week Ending May 15, 2018

Managed Money Heat Positons

CFTC Commitment of Traders Report



Producer/Merchant Heat Positons

CFTC Commitment of Traders Report

