

Market Commentary

Recap: After trading at their highest level in almost 3 weeks, oil prices eased on Monday as OPEC indicated it would most likely stick to current production cuts. June WTI hit a high of \$63.81 a barrel, up \$1.05, or 1.67%, while July Brent rose \$1.18, or 1.6%, to a session high of \$73.39 a barrel. While early gains were trimmed, with both WTI and Brent falling to fresh session lows, settlement was mixed. June WTI settled at \$63.10 a barrel, up 34 cents, or 0.54%, while Brent for July delivery lost 24 cents, or 0.33%, to settle at \$71.97 a barrel. June RBOB fell by 1.8% to \$2.010 a gallon, while June heating oil declined by 1.1% to \$2.074 a gallon.

Technical Analysis: With June WTI about to expire, we will focus on the July contract. This soon to be spot month edged toward the top of the symmetrical triangle that can be depicted on a daily spot continuation chart, and held just below the upper trend line. Monday's outside trading session, in conjunction with a higher close should bring about a higher move on Tuesday. At this point in time and without any fresh fundamentals, we are looking for this market to continue to trade sideways, between the \$60.00 - \$65.00 range. Resistance is set at \$63.83 and above that at \$65.00. Support is set at \$62.41 and the aforementioned \$61.66, the bottom of the aforementioned triangle. Resistance is set at \$63.83 and above that at \$65.00.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Friday, May 17th increased by 1,219,358 barrels and by 748,822 barrels from Tuesday, May 14th to 50,980,775 barrels.

US President, Donald Trump, threatened Iran on Sunday, tweeting that a conflict would be the "official end" of Iran, while Saudi Arabia said it was ready to respond with "all strength" and it was up to Iran to avoid war.

A gathering of the so-called Joint Ministerial Monitoring Committee in Saudi Arabia over the weekend did not make any solid recommendations, leaving a decision on policy for a meeting of OPEC and its allies next month.

Saudi Arabia's Energy Minister, Khalid al-Falih, said there was consensus among OPEC and allied oil producers to cut crude inventories "gently" but he would remain responsive to the needs of a fragile market.

The UAE's Energy Minister, Suhail al-Mazrouei earlier told reporters that producers were capable of filling any market gap and that relaxing supply cuts was not the right decision.

Kazakhstan's Energy Ministry reported that the country believes further coordination of efforts by members of the OPEC and non-OPEC output cut pact is necessary and is ready to discuss potential changes to the agreement.

Two OPEC sources said OPEC and its allies are considering moving the date of their next oil policy meeting in Vienna to July 3-4 from June 25-26.

Equinor resumed crude loadings from its Statfjord field in the North Sea following a spill last week. Production from Statfjord remains unaffected, and the offloading of crude is now taking place from an alternative buoy on the field.

Kazakhstan's Kashagan oilfield resumed output 10 days earlier than initially planned, following a maintenance outage. Output at the field is expected to reach 370,000-400,000 bpd in early July.

IIR Energy reported that US oil refiners are expected to shut in 403,000 bpd of capacity in the week ending May 24th, increasing the available refining capacity by 408,000 bpd from the previous week. Offline capacity is expected to fall to 372,000 bpd in the week ending May 31st.

Early Market Call - as of 8:30 AM EDT

WTI - June \$63.40, up 28 cents

RBOB - June \$2.0143, up 45 points

HO - June \$2.0734, down 10 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-19	\$2.0736	-\$0.0219	\$0.0352
Jul-19	\$2.0754	-\$0.0209	\$0.0349
Aug-19	\$2.0801	-\$0.0192	\$0.0353
Sep-19	\$2.0868	-\$0.0180	\$0.0352
Oct-19	\$2.0925	-\$0.0170	\$0.0335
Nov-19	\$2.0965	-\$0.0159	\$0.0314
Dec-19	\$2.0984	-\$0.0149	\$0.0295
Jan-20	\$2.0990	-\$0.0135	\$0.0277
Feb-20	\$2.0928	-\$0.0118	\$0.0261
Mar-20	\$2.0803	-\$0.0103	\$0.0250
Apr-20	\$2.0627	-\$0.0091	\$0.0242
May-20	\$2.0512	-\$0.0083	\$0.0241
Jun-20	\$2.0440	-\$0.0068	\$0.0256
Jul-20	\$2.0399	-\$0.0065	\$0.0261
Aug-20	\$2.0370	-\$0.0058	\$0.0272
Sep-20	\$2.0353	-\$0.0056	\$0.0280
Oct-20	\$2.0334	-\$0.0049	\$0.0284

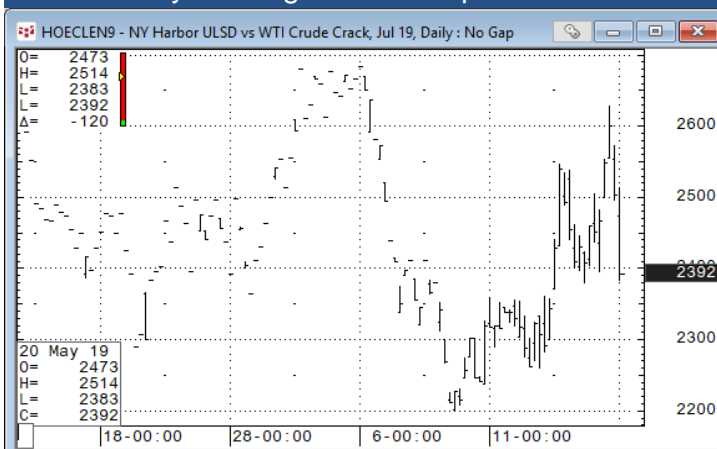
Sprague HeatCurve Oct 2019-Apr 2020

Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-	\$63.2100	\$0.2900
Crude - Brent	WTI Spread	\$71.9700	-\$0.2400
Natural Gas	\$8.76	\$2.6730	\$0.0420
Gasoline		\$2.0099	-\$0.0374

WTI Continuation Chart



July Heating Oil Crack Spread



July RBOB Crack Spread

