

## Market Commentary

**Recap:** Oil prices firmed on Friday ahead of the long U.S. and UK 3-day holiday weekends, but posted their largest weekly loss so far this year. It was a wild week for oil prices, which were pressured by trade tensions between the U.S. and China, rising U.S. crude oil inventories and concern over an economic slowdown. After slipping to a session low of \$57.50, a loss of 41 cents, July WTI was trading at \$58.32, up 41 cents by 1:02 EDT. July Brent rose from its session low of \$67.32, down 44 cents, to trade at \$68.27, up 51 cents. Oil prices rebounded along with global stocks, but traded off the day's highs following reports that U.S. President Donald Trump may ease up on restrictions against Huawei Technologies Inc. as part of a bigger trade deal with China. July WTI rose 72 cents, or 1.2%, to settle at \$58.63 a barrel, down 6.8% for the week. July Brent added 93 cents, or 1.4%, to \$68.69 a barrel, ending 4.9% lower on the week. June RBOB added 1.1% to \$1.935 a gallon, up 5.5% for the week, and June heating oil rose 0.5% to \$1.971 a gallon, tacking on 5.9% for the week.

**Technical Analysis:** More than likely, WTI rebounded on profit taking ahead of the long weekend, but either way we were due for a rebound after Thursday's hard sell-off. July WTI continued to hold above \$57.43, the 38% retracement established by the October high of \$75.20 and the December low of \$44.20. With the major trend now shifted to the downside, and as long as this market remains below \$61.66, the 50% retracement of the aforementioned range, we would expect for any rallies to be met with fresh rounds of selling. Support is set at \$57.43 and below that at \$56.04. Resistance is set at \$59.20 and above that at \$63.36.

**Fundamental News:** US energy firms this week cut the number of oil rigs operating for a third consecutive week as weaker oil prices encourage drillers to follow through on plans to cut spending. Baker Hughes reported that drillers cut five oil rigs in the week ending May 24<sup>th</sup>, bringing the total count down to 797, the lowest since March 2018.

Russia plans to take back about 1 million tons of contaminated oil from Belarus, cleaning up the Druzhba pipeline section leading to Poland and Germany. The plan was discussed at talks in Warsaw on Thursday between Russian, Belarussian and European companies. Another roughly 1 million tons stuck in Poland and Germany will be left there to be dealt with by these countries. The plan for contaminated crude in the pipeline further west, in Poland and Germany, is that it will be taken off by local refiners.

Czech refiner Unipetrol expects renewal of Russian oil transit via the Druzhba pipeline and therefore has not requested a third load of state crude reserves. The head of the reserves body, Pavel Svagr, said clean oil should reach the Litvinov refinery on May 27<sup>th</sup>. Shipments of Russian crude through the Druzhba pipeline are being restarted after a suspension last month due to contaminated crude in the system. Flows reached neighboring Slovakia on Wednesday evening.

Germany's Economy Ministry said there was not a threat to supply security of oil products as a result of the ongoing technical problems with crude supply on Russia's Druzhba pipeline.

Libya's National Oil Corp plans to start developing the North Hamada oilfield, in the northwest of the country.

IIR Energy reported that US oil refiners are expected to shut in 751,000 bpd of capacity in the week ending May 24<sup>th</sup>, increasing the available refining capacity by 277,000 bpd from the previous week. It expects offline capacity to fall to 548,000 bpd in the week ending May 31<sup>st</sup> and further to 133,000 bpd in the week ending June 7<sup>th</sup>.

**Early Market Call - as of 8:42 AM EDT**

WTI - July \$59.06, up 43 cents

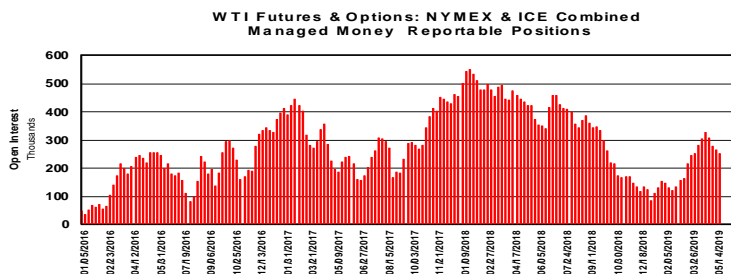
RBOB - June \$1.9631, up 2.76 cents

HO - June \$2.0095, up 3.83 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-19	\$1.9713	\$0.0089	-\$0.1242
Jul-19	\$1.9720	\$0.0089	-\$0.1243
Aug-19	\$1.9757	\$0.0094	-\$0.1236
Sep-19	\$1.9823	\$0.0094	-\$0.1225
Oct-19	\$1.9889	\$0.0097	-\$0.1206
Nov-19	\$1.9941	\$0.0106	-\$0.1183
Dec-19	\$1.9968	\$0.0114	-\$0.1165
Jan-20	\$1.9984	\$0.0120	-\$0.1141
Feb-20	\$1.9939	\$0.0126	-\$0.1107
Mar-20	\$1.9840	\$0.0131	-\$0.1066
Apr-20	\$1.9690	\$0.0135	-\$0.1028
May-20	\$1.9592	\$0.0134	-\$0.1003
Jun-20	\$1.9532	\$0.0134	-\$0.0976
Jul-20	\$1.9513	\$0.0138	-\$0.0951
Aug-20	\$1.9507	\$0.0143	-\$0.0921
Sep-20	\$1.9508	\$0.0147	-\$0.0901
Oct-20	\$1.9501	\$0.0154	-\$0.0882

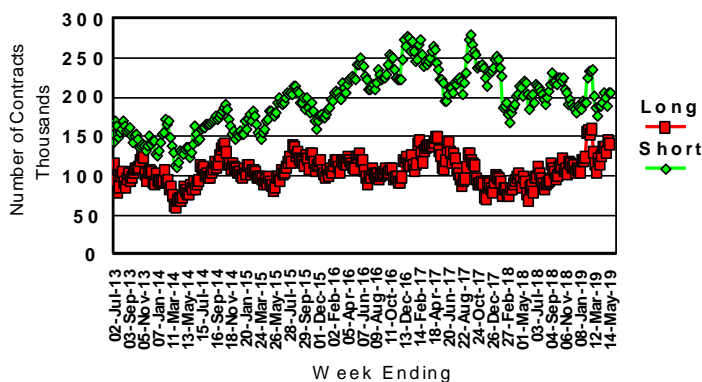
Sprague HeatCurve Oct 2019-Apr 2020		\$1.9913	
Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent- WTI Spread	\$58.6300	\$0.7200
Crude - Brent	\$10.06	\$68.6900	\$0.9300
Natural Gas		\$2.5980	\$0.0200
Gasoline		\$1.9345	\$0.0212



## Commitment of Traders Report for the Week Ending May 21, 2019

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

