

Market Commentary

Recap: After posting early gains, oil prices slipped on Thursday as traders decided to take profits after Tuesday's wild session and Wednesday's follow through to the upside. The downside was limited as market participants continue to grapple with the situation in Venezuela amid falling U.S. stockpiles. Brent got an added boost after analysts at BofA Merrill Lynch put out a report calling for the possibility of Brent reaching \$100 dollars. This spot contract rose to a fresh 3 1/2 year high of \$78.00 a barrel, while June WTI peaked the session just below \$72 a barrel at \$71.89 a barrel. Gains were trimmed with July Brent settling at \$77.47 a barrel, up 26 cents, or 0.34% and June WTI settling at 71.36 a barrel, up 22 cents, or 0.31%.

June RBOB rose 1¢ to \$2.189 a gallon and June heating oil added 0.2¢ to \$2.223 a gallon.

Fundamental News: Iran's Oil Minister, Bijan Zanganeh, said that US President Donald Trump's decision to pull out of the nuclear deal would not affect Iran's oil exports.

France urged Iran to refrain from all military provocation after Israel said Iranian forces had fired rockets from Syria at Israeli army bases in the Golan Heights. The French Foreign Ministry said France "demands Iran desist from all military provocation and warns it against all temptations for regional hegemony." French President Emmanuel Macron and German Chancellor Angela Merkel called on Israel and Iran to exercise restraint to avoid any further escalation of tension in the Middle East.

Separately, British Foreign Secretary, Boris Johnson, condemned Iranian rocket attacks against Israeli forces and called on Iran to refrain from any further actions that would destabilize the region. He said "we urge Iran to refrain from further actions which will only lead to increased instability in the region. It is crucial to avoid any further escalations, which would be in no one's interest." Meanwhile, German Foreign Minister, Heiko Maas, said it is crucial that Iran comply with the international nuclear agreement and added that Russia can use its influence on Tehran in this respect. Speaking after talks with Russia's Foreign Minister, Sergei Lavrov, Germany's Foreign Minister said that Russia and Germany agreed that the nuclear agreement should be upheld.

Russia's Foreign Minister, Sergei Lavrov, said Russia urged Iran and Israel to avoid acts that could lead to conflict. Iranian forces in Syria launched a rocket attack on Israeli army bases in the Golan Heights early on Thursday, prompting one of the heaviest barrages against Syria since the conflict there began in 2011. Separately, Russia's Deputy Foreign Minister, Sergei Ryabkov, said Russia is firmly committed to continuing to deepen its ties with Iran despite the US decision to pull out of the international nuclear agreement and impose sanctions on Iran.

European oil refiners and trading houses began preparing to cut purchases of Iranian crude. The Trump administration has given buyers 180 days to wind down imports after pulling out of the nuclear accord with world powers.

According to OPEC sources, OPEC is in no hurry to decide whether to produce more oil to make up for an expected decline in exports from Iran after the imposition of new US sanctions, saying any loss in supply would take time. On Wednesday, a separate OPEC source said Saudi Arabia was monitoring the impact of the US move on oil supplies and was ready to offset any shortage but would not act alone.

Kuwait's Oil Minister, Bakheet Al-Rashidi, said OPEC and other oil producing countries will be ready to stabilize the market whenever required.

Early Market Call - as of 8:40 AM EDT

WTI - June \$71.44, up 8 cents

RBOB - June \$2.1901, up 7 points

HO - June \$2.2219, down 9 points

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jun-18	\$2.2228	\$0.0048	\$0.1101
Jul-18	\$2.2176	\$0.0064	\$0.1104
Aug-18	\$2.2164	\$0.0079	\$0.1108
Sep-18	\$2.2171	\$0.0085	\$0.1105
Oct-18	\$2.2171	\$0.0090	\$0.1098
Nov-18	\$2.2164	\$0.0095	\$0.1085
Dec-18	\$2.2141	\$0.0101	\$0.1082
Jan-19	\$2.2140	\$0.0108	\$0.1078
Feb-19	\$2.2087	\$0.0114	\$0.1054
Mar-19	\$2.1962	\$0.0119	\$0.1019
Apr-19	\$2.1778	\$0.0128	\$0.0990
May-19	\$2.1665	\$0.0128	\$0.0974
Jun-19	\$2.1581	\$0.0119	\$0.0948
Jul-19	\$2.1555	\$0.0121	\$0.0945
Aug-19	\$2.1570	\$0.0131	\$0.0941
Sep-19	\$2.1630	\$0.0141	\$0.0949
Oct-19	\$2.1695	\$0.0148	\$0.0954

Sprague HeatCurve Oct 2018-April 2019

\$2.2076

Other Front Month NYMEX	Close	Change
Crude - WTI	\$71.3100	\$0.2600
Crude - Brent	\$77.4700	\$0.2600
Natural Gas	\$2.8140	\$0.0770
Gasoline	\$2.1890	\$0.0217

EIA Natural Gas Storage Report

	04-May-18	27-Apr-18	Change	Year Ago
East	243	223	20	322
Midwest	240	221	19	517
Mountain	92	86	6	152
Pacific	195	187	8	232
South Central	662	626	36	1,023
Salt	204	190	14	328
Nonsalt	458	436	22	695
Total	1,432	1,343	89	2,246

Sprague HeatCurve Winter 2018/19

ICE July WTI-Brent Spread

Sprague HeatCurve October-April

Degree Day Weighted

