

## Market Commentary

**Recap:** Oil prices slipped for the third straight session on growing expectations that OPEC will increase its output to alleviate any shortfalls due to U.S. imposed sanctions against Iran and dwindling output from Venezuela. Prices also fell as traders booked profits ahead of the U.S. Memorial Day holiday. July WTI fell back below \$71 a barrel for the first time in just over a week, while Brent, which traded lower on the day, held within Wednesday's trading range. July WTI slipped \$1.13, or 1.57% to settle at \$70.71 a barrel, WTI's lowest finish in almost 2 weeks. July Brent lost \$1.01, or 1.27%, to finish the session at \$78.79 a barrel.

June RBOB fell 1.2% to settle at \$2.234 a gallon, while June heating oil slipped 1%, settling at \$2.267 a gallon.

**Fundamental News:** US President Donald Trump called off a summit with North Korean leader Kim Jong Un scheduled for next month, citing North Korea's open hostility and warned that the US military was ready in the event of any reckless acts by North Korea. He also said South Korea and Japan were also ready to shoulder much of the financial burden if an unfortunate situation is forced upon us by North Korea. Two hours after releasing a letter to North Korea's leader, President Trump said the summit could be held later.

Russia's Energy Minister, Alexander Novak, said Russia and Saudi Arabia have a common position on the future of the oil output cut deal between OPEC and non-OPEC producers that any decision must be guided by the state of the market. He said Russia will discuss with OPEC in June whether it's appropriate to gradually scale back the output cuts. He said output cuts could be eased slowly if OPEC and non-OPEC countries see the oil market balancing in June. He also stated that he believed average oil prices would stand at over \$60/barrel in 2018. Separately, Russia's Energy Minister said he planned to meet with Russian oil companies to discuss the oil output cut agreement with OPEC and non-OPEC producers.

The head of Russia's Lukoil, Vagit Alekperov, said the time has come to increase global oil output as prices have increased to \$80/barrel, a level not seen since late 2014.

Libya's AGOCO increased its crude production to 180,000 bpd after dropping to 146,000 bpd on Wednesday due to extreme weather affecting power turbines. Output is expected to increase between 200,000 bpd and 220,000 bpd on Friday if the power supply remains stable. Libya's Raguba oilfield, which is operated by Sirte Oil Company and produces 5,000 bpd, also resumed pumping crude to the eastern port of Brega after a protest halted flows on Wednesday. A port official said officials managed to persuade youth protesting for better state support to end their blockade.

Exxon Mobil's CEO said the company will invest heavily in mega projects to dominate the oil and natural gas markets. The company is planning to spend about \$200 billion through 2025.

Availability of diesel cargoes from the US Gulf Coast continued to decline, with the arbitrage remaining shut. The volume of distillates set to arrive in Northwest Europe and the Mediterranean from the US Gulf Coast in May stood at 795,000 metric tons on Tuesday, according to Platts cFlow, trade flow software. Arrivals for June are expected to reach 440,000 metric tons after several vessels left the US Gulf Coast in the last seven days.

**Early Market Call - as of 9:00 AM EDT**

WTI - July \$68.73, down 1.98 cents

RBOB - June \$2.1906, down 4.34 cents

HO - June \$2.2217, down 4.46 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-18	\$2.2667	-\$0.0229	-\$0.0141
Jul-18	\$2.2625	-\$0.0234	-\$0.0121
Aug-18	\$2.2619	-\$0.0232	-\$0.0103
Sep-18	\$2.2650	-\$0.0229	-\$0.0084
Oct-18	\$2.2664	-\$0.0230	-\$0.0076
Nov-18	\$2.2666	-\$0.0229	-\$0.0068
Dec-18	\$2.2642	-\$0.0228	-\$0.0066
Jan-19	\$2.2643	-\$0.0225	-\$0.0062
Feb-19	\$2.2605	-\$0.0222	-\$0.0048
Mar-19	\$2.2518	-\$0.0216	-\$0.0020
Apr-19	\$2.2242	-\$0.0208	\$0.0008
May-19	\$2.2322	-\$0.0198	\$0.0036
Jun-19	\$2.2275	-\$0.0180	\$0.0066
Jul-19	\$2.2243	-\$0.0173	\$0.0070
Aug-19	\$2.2242	-\$0.0170	\$0.0061
Sep-19	\$2.2302	-\$0.0168	\$0.0055
Oct-19	\$2.2367	-\$0.0166	\$0.0048

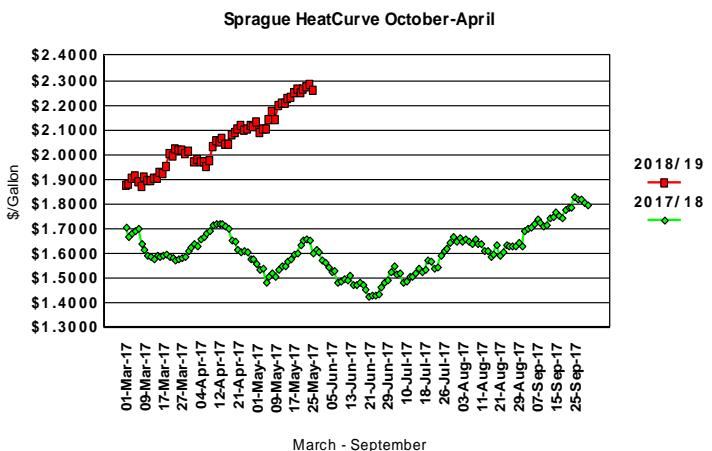
**Sprague HeatCurve Oct 2018-April 2019 \$2.2598**

Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-	\$70.7100	-\$1.1300
Crude - Brent	WTI Spread	\$78.7900	-\$1.0100
Natural Gas	\$8.08	\$2.9400	\$0.0260
Gasoline		\$2.2338	-\$0.0263

**EIA Natural Gas Storage Report**

	18-May-18	11-May-18	Change	Year Ago
East	299	275	24	387
Midwest	288	267	21	559
Mountain	107	98	9	165
Pacific	213	204	9	249
South Central	722	694	28	1,073
Salt	226	216	10	338
Nonsalt	496	477	19	735
Total	1,629	1,538	91	2,433

## Sprague HeatCurve Winter 2018/19



## ICE July WTI-Brent Spread

