

Market Commentary

Recap: The crude market on Monday traded higher after the market continued to trade lower in overnight trading in follow through selling seen on Friday on expectations that the Federal Reserve will keep rates higher for longer due to persistent inflationary pressures. The market breached its previous high of \$78.14 and sold off to a low of \$77.78 in overnight trading. However, the market bounced off its low and retraced some of its previous losses as it posted a high of \$79.49 by mid-morning on signs of improving demand in China. Economic data from China showed consumer prices increasing for a third consecutive month in April while producer prices extended their declines. The crude market was also well supported by potential oil supply disruptions due to wildfires in Western Canada. The market later settled in a sideways trading range during the remainder of the session. The June WTI contract settled up 86 cents at \$79.12 and the July Brent contract settled up 57 cents at \$83.36. The product markets ended the session higher, with the heating oil market settling up 24 points at \$2.4368 and the RB market settling up 1.08 cents at \$2.5105.

Technical Analysis: The oil market is seen trading sideways within a range from \$76.00 to \$82.00 ahead of the release of the weekly petroleum stocks reports late Tuesday and Wednesday morning. The market is also waiting for the release of the U.S. Consumer Price Index data due on Wednesday for clues to when the Federal Reserve will consider cutting interest rates. The market expects the U.S. central bank to keep its policy rate on hold for longer. Technically, stochastics are still trending sideways. Resistance is seen at its high of \$79.49, \$79.96, \$80.74, \$81.57 and \$81.93. More distant upside is seen at \$82.39, \$82.95 and \$83.12. Meanwhile, support is seen at its low of \$77.78, \$76.89, \$76.67, \$76.07 and \$75.10.

Fundamental News: In its monthly Drilling Productivity Report, the EIA said U.S. oil output from top shale-producing regions will increase in June to its highest level in six months. Production in the top basins will reach 9.85 million bpd, its highest level since December. Output in the Permian is expected to increase by 17,970 bpd to 6.19 million bpd, while production in Eagle Ford is forecast to increase to 1.11 million bpd, the highest level since December. In the Bakken, output is expected to increase by 52 bpd to 1.31 million bpd, also the strongest level since December. The EIA report also showed that shale explorers drilled more crude wells than they fracked for the second straight month in April. As of the end of April, the fracklog increased by six to 4,510.

Iraq's Oil Minister, Hayan Abdul Ghani, said any voluntary oil output cut "is subject to agreement between OPEC countries and any negotiable proposals may be presented at the time."

IIR Energy said U.S. oil refiners are expected to shut in about 649,000 bpd of capacity in the week ending May 17th, increasing available refining capacity by 151,000 bpd. Offline capacity is expected to fall to 292,000 bpd in the week ending May 24th.

Colonial Pipeline Co announced a freeze on the main distillate line 2, north of Collins for cycles 27, 28 and 29.

Enbridge said operations continue as normal amid western Canada wildfires.

Early Market Call - as of 8:40 AM EDT

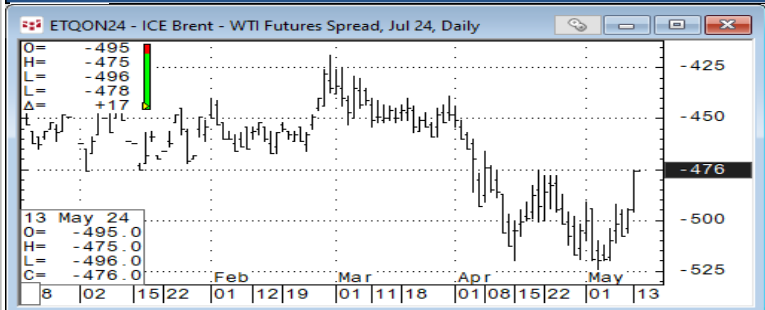
WTI - June \$78.78, down 34 cents
RBOB - June \$2.4784, down 3.21 cents
HO - June \$2.4287, down 81 points

All NYMEX | Prior Settlements

| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Jun-24 | 2.4368 | 0.0024 | -0.0246 |
| Jul-24 | 2.4531 | 0.0033 | -0.0208 |
| Aug-24 | 2.4700 | 0.0051 | -0.0171 |
| Sep-24 | 2.4851 | 0.0072 | -0.0150 |
| Oct-24 | 2.4937 | 0.0081 | -0.0156 |
| Nov-24 | 2.4950 | 0.0093 | -0.0153 |
| Dec-24 | 2.4916 | 0.0104 | -0.0148 |
| Jan-25 | 2.4933 | 0.0110 | -0.0133 |
| Feb-25 | 2.4868 | 0.0116 | -0.0128 |
| Mar-25 | 2.4720 | 0.0116 | -0.0130 |
| Apr-25 | 2.4524 | 0.0120 | -0.0136 |
| May-25 | 2.4413 | 0.0122 | -0.0138 |
| Jun-25 | 2.4333 | 0.0126 | -0.0141 |
| Jul-25 | 2.4287 | 0.0130 | -0.0147 |
| Aug-25 | 2.4249 | 0.0132 | -0.0154 |
| Sep-25 | 2.4222 | 0.0132 | -0.0164 |
| Oct-25 | 2.4187 | 0.0130 | -0.0176 |

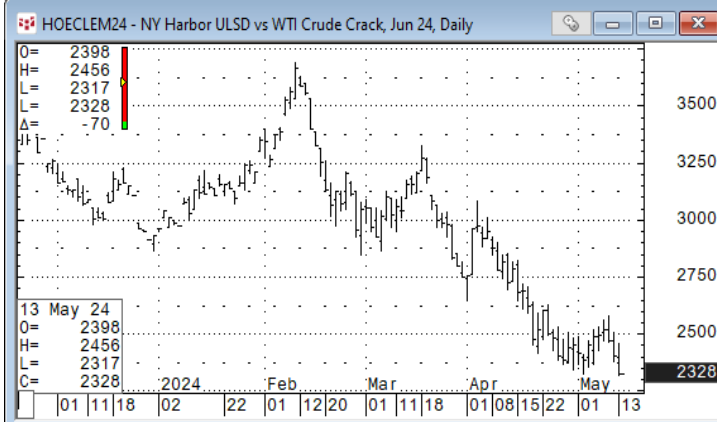
| Sprague HeatCurve October 2024-April 2025 | | Close | Change |
|---|------------------------------|-----------|----------|
| Crude - WTI | July Brent-WTI Spread \$4.76 | \$78.6000 | \$0.7600 |
| Crude - Brent | | \$83.3600 | \$0.5700 |
| Natural Gas | | \$2.3810 | \$0.1290 |
| Gasoline | | \$2.5105 | \$0.0108 |

July ICE Brent-WTI Spread

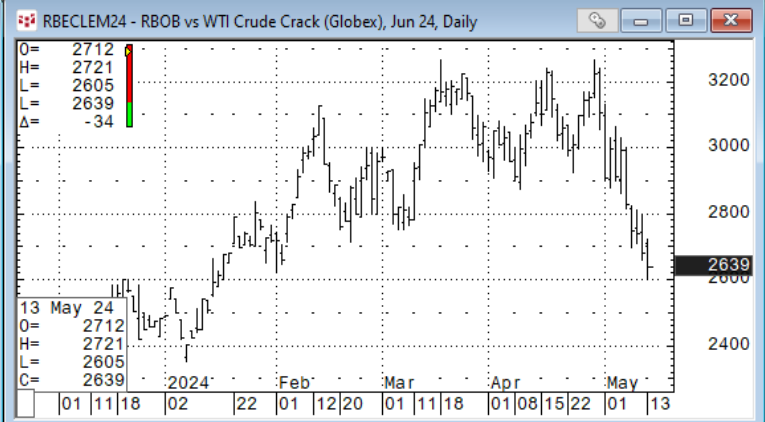


CQG Inc. © 2024 All rights reserved worldwide ETQON24,D | 05/13/2024 15:24:05, CQG 22.12.8050

June Heating Oil Crack Spread



June RBOB Crack Spread



CQG Inc. © 2024 All rights reserved worldwide HOECLEM24,D | 05/13/2024 15:25:03, CQG 22.12.8050 CQG Inc. © 2024 All rights reserved worldwide RBECEM24,D | 05/13/2024 15:25:20, CQG 22.12.8050

This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.