

Market Commentary

Recap: The oil market on Friday posted an outside trading day following Thursday's inside trading session. The market traded mostly sideways overnight before it breached its previous highs and posted a high of \$73.40 by mid-morning amid the market's cautious optimism over the fading risk of a U.S. debt default. However, the market erased all of its gains and by mid-day sold off to \$71.14, amid reports that the debt ceiling talks between the White House and House Republicans have been paused due to an impasse. The market was also pressured by comments made by Federal Reserve Chairman, Jerome Powell, that inflation was "far above" the Fed's objective. The market was further pressured and sold off to a low of \$71.03 ahead of the close. The June WTI contract settled down 31 cents or 0.43% at \$71.55 but still posted a gain of more than 2% for the week. The July Brent contract settled down 28 cents at \$75.58. Meanwhile, the product markets ended mixed, with the heating oil market settling down 4.04 cents at \$2.3622 and the RB market settling up 78 points at \$2.5761.

Technical Analysis: The market on Monday will be driven by the headlines regarding the debt ceiling negotiations following Friday's pause in the talks. The June WTI contract will likely see some retracement of its losses ahead of its expiration at the close of business on Monday. Support is seen at its low of \$71.11, \$70.04, \$69.41 followed by \$68.77, \$68.48 and \$67.56. Meanwhile, resistance is seen at its high of \$73.40, \$73.51, \$73.89 and \$75.84. More distant upside is seen at \$76.11, \$76.69, \$76.92 and \$77.93.

Fundamental News: U.S. Representative Garret Graves, House Speaker Kevin McCarthy's designated lead negotiator in the debt ceiling negotiations said talks between U.S. House of Representatives Republicans and President Joe Biden's administration have been paused. He said "We're not there. We've decided to press pause because it's just not productive." The Treasury Department has warned that the federal government could run out of money to pay its debts as soon as June 1st, potentially triggering a catastrophic default. Meanwhile, a White House official said an agreement on the debt ceiling is still possible if both sides negotiate in good faith and recognize they won't get everything they want.

UBS lowered its year-end Brent price forecast by \$10 to \$95/barrel as more supply than expected and recession fears keep investors on the sidelines.

Baker Hughes reported that the oil and gas rig count in the week ending May 19th fell by 11 to 720, the lowest since May 2022. It reported that U.S. oil rigs fell by 11 to 575 this week, their lowest since June 2022. It was the largest decline in a week since September 2021. Meanwhile, natural gas rigs were unchanged at 141 following the previous week's cut of 17 natural gas rigs, which was the biggest drop since June 2020.

Federal Reserve Chair Jerome Powell said it is still unclear if interest rates will need to rise further, as U.S. central bank officials balance uncertainty about the impact of past hikes in borrowing costs and recent bank credit tightening with the fact that inflation is proving hard to control. He reiterated that the central bank would now make decisions "meeting by meeting," but also flagged that after a year of aggressive rate increases, it "can afford to look at the data and the evolving outlook to make careful assessments." He added "We haven't made any decisions about the extent to which additional policy firming will be appropriate."

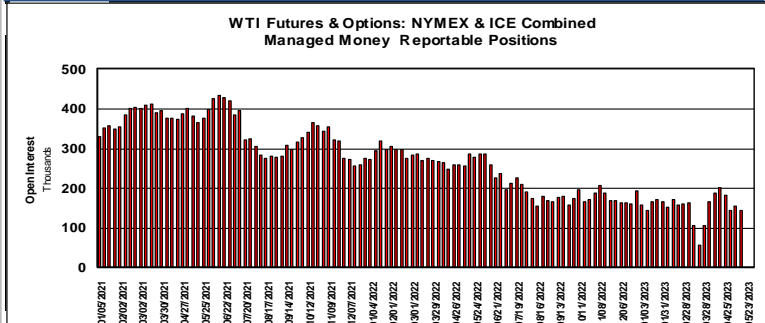
Early Market Call - as of 8:00 AM EDT

WTI - June \$71.92, up 37 cents
 RBOB - June \$2.5918, up 1.57 cents
 HO - June \$2.3803, up 1.81 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-23	2.3622	-0.0404	0.0567
Jul-23	2.3524	-0.0330	0.0548
Aug-23	2.3517	-0.0308	0.0512
Sep-23	2.3570	-0.0294	0.0492
Oct-23	2.3613	-0.0281	0.0469
Nov-23	2.3611	-0.0265	0.0448
Dec-23	2.3565	-0.0260	0.0429
Jan-24	2.3550	-0.0251	0.0400
Feb-24	2.3501	-0.0240	0.0374
Mar-24	2.3393	-0.0231	0.0351
Apr-24	2.3211	-0.0228	0.0329
May-24	2.3105	-0.0237	0.0309
Jun-24	2.3024	-0.0249	0.0281
Jul-24	2.2986	-0.0257	0.0259
Aug-24	2.2959	-0.0259	0.0248
Sep-24	2.2939	-0.0261	0.0242
Oct-24	2.2932	-0.0257	0.0251

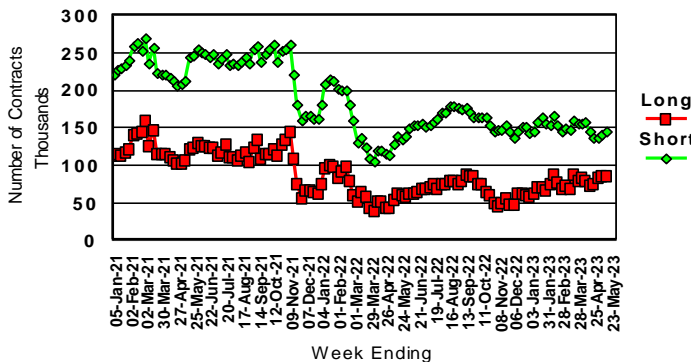
Sprague HeatCurve October 2023-April 2024			\$2.3501
		Close	Change
Crude - WTI	July Brent-WTI Spread \$3.89	\$71.6900	-\$0.2500
Crude - Brent		\$75.5800	-\$0.2800
Natural Gas		\$2.5850	-\$0.0070
Gasoline		\$2.5761	\$0.0078



Commitment of Traders Report for the Week Ending May 16, 2023

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

