

Market Commentary

Recap: Oil futures swung from gentle losses to gentle gains on Friday, struggling for direction, supported by firm demand, with OPEC+ appearing to have global supply under control despite worries about Iranian supply and Asian COVID-10 case spikes. WTI rose to its highest level since March 8, topping the session at \$67.52 a barrel. July Brent rose as much as 46 cents, to cap the session at \$69.26 a barrel. The moves for oil come just a day after prices for U.S. benchmark crude marked their highest settlement since 2018. This marked the fifth straight session of gains. The most active August Brent was 6 cents, or 0.1%, lower at \$69.14 a barrel, following a 0.7% gain on Thursday. The August contract will become the front month after the conclusion of Friday's session. For the week, WTI was on track for weekly and monthly gains of more than 5%, based on the front-month contracts. Brent was on track for a weekly advance of over 4% and month-to-date climb of close to 4%. Traders also await Tuesday's meeting of OPEC+, the Organization of the Petroleum Exporting Countries and their allies. Most expect the group will decide to move forward with plans to ease output curbs. A current OPEC+ agreement calls for a gradual increase in production, which began in May and will run through July. Prices eased ahead of the long U.S. holiday weekend with WTI for July delivery declining by 53 cents, or 0.8%, to settle at \$66.32 a barrel. July Brent, which expired at the end of the session, climbed 17 cents, or 0.2%, to go off the board at \$69.63 a barrel. August Brent, which is now the front month contract, fell 48 cents, or 0.7%, to settle at \$68.72 a barrel. Petroleum products finished mixed, with June RBOB falling 0.5%, to \$2.14 a gallon, up nearly 3.5% on the week and up 3.4% for the month. June heating oil added 0.6%, to settle at \$2.04 a gallon, settling 2.8% higher on the week, with a monthly rise of 6.4%.

The Commitment of Traders report showed that managed money funds increased their net long position in the week ending May 25th. The funds increased their net long position by 9,910 contracts on the week to 375,426 contracts on a combined NYMEX and ICE futures and options basis.

Technical Analysis: WTI continued to pull away from the top of the ascending triangle, having rallied significantly during the course of the week. At this point, a push above \$67.98 would signal a breakout to the upside, with \$68.50 in sight. Traders will be eager to get this market up toward \$70 and even possibly \$72.50. With this market closing toward the top of the week, we would not discount these possibilities. Support is still down around the \$65 area, with additional support set at the 50-day moving average, which is currently set at \$62.81.

Fundamental News: According to Baker Hughes, U.S. oil drilling rig count was up 3 at 359 (up 137 vs year ago) for the week ending May 28, this is the highest since April 2020. Horizontal rigs -- the type most often used to extract oil or gas from shale -- rose by 3 to 415. This marks the tenth month in a row that U.S. drillers added to the count.

IIR Energy reported that U.S. oil refiners are expected to shut in 704,000 bpd of capacity in the week ending May 28th, cutting available refining capacity by 85,000 bpd from the previous week. Offline capacity is expected to fall to 340,000 bpd in the week ending June 4th and to 250,000 bpd the week after.

Oslo-based consultancy Rystad Energy said on Friday, there will be a need for thousands of new oil wells and hundreds of new oilfields in order to meet global demand even if it falls sharply towards the middle of the century. Its analysis stands in sharp contrast to the conclusions of the International Energy Agency (IEA), which said last week that investors should not fund new oil, gas and coal projects if the world wants to reach net-zero emissions by mid-century.

Early Market Call - as of 8:00 AM EDT

WTI - July \$68.53, up \$2.20

RBOB - July \$2.1879, up 5.1 cents

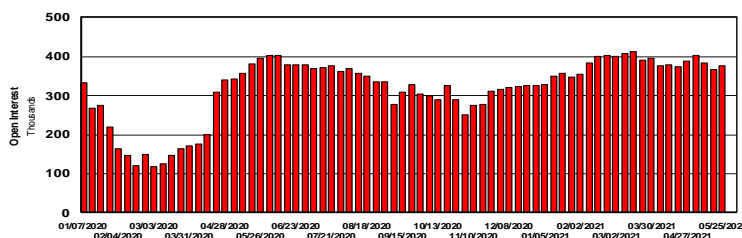
HO - July \$2.1002, up 6.19 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-21	2.0445	-0.0119	0.0563
Jul-21	2.0383	-0.0169	0.0507
Aug-21	2.0394	-0.0172	0.0506
Sep-21	2.0409	-0.0180	0.0498
Oct-21	2.0418	-0.0181	0.0495
Nov-21	2.0417	-0.0181	0.0485
Dec-21	2.0405	-0.0180	0.0483
Jan-22	2.0387	-0.0184	0.0472
Feb-22	2.0331	-0.0185	0.0459
Mar-22	2.0231	-0.0187	0.0444
Apr-22	2.0093	-0.0188	0.0431
May-22	2.0013	-0.0187	0.0423
Jun-22	1.9955	-0.0182	0.0419
Jul-22	1.9943	-0.0179	0.0416
Aug-22	1.9939	-0.0175	0.0415
Sep-22	1.9943	-0.0175	0.0419
Oct-22	1.9950	-0.0173	0.0402

Sprague HeatCurve October 2021-April 2022		\$2.0335
	Close	Change
Crude - WTI	\$66.3200	-\$0.5300
Crude - Brent	\$69.6300	\$0.1700
Natural Gas	\$2.9860	\$0.0280
Gasoline	\$2.1402	-\$0.0116

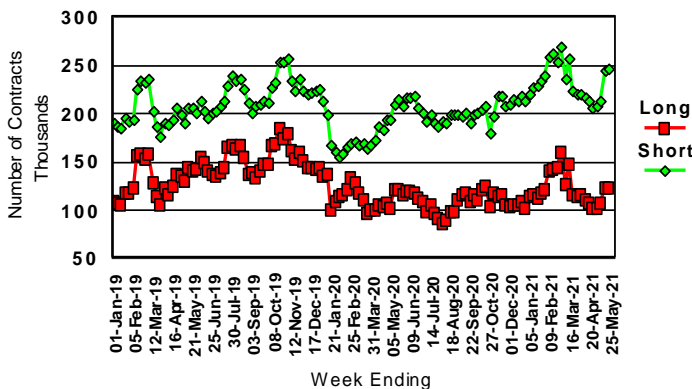
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending May 25, 2021

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

