

Market Commentary

Recap: Oil prices fell to their lowest level since the beginning of January as the EIA reported a shocking build of 6.8 million barrels in U.S. crude oil inventories, which rose to their highest level in almost two years. Futures strengthened slightly early in the session and then plunged after U.S. inventory data was released. July WTI, which was trading at \$52.89 just prior to the release of the report, took a nosedive, falling \$1.25 within a minute's time. By 11:51, EDT, this spot contract fell 5.3%, to a session low of \$50.60. August Brent dropped 4%, hitting a session low of \$59.45. Prices made modest recovery, with July WTI losing \$1.80, or 3.4%, to settle at \$51.68 a barrel. August Brent fell \$1.34, or 2.2%, to \$60.63 a barrel, with front-month contract prices logging their lowest finish since Jan. 28. July RBOB fell 1.8% to \$1.693 a gallon, while July heating oil fell 2.3% at \$1.780 a gallon.

Technical Analysis: WTI appears poised to test the \$50.00 level, as it approaches bear market territory. A break below \$50.00 will shift to the downside, with an acceleration of the move. Below \$50.00, additional support can be found at \$48.40. To the upside, resistance is set at \$55.00 and \$58.17.

Fundamental News: Russia's Gazprom Neft said Russian oil companies are ready to respond quickly and increase output if OPEC and non-OPEC producers bound by the output cut agreement decide to end their cuts. It said its oil production could increase to 70,000 bpd before the end of 2019. It has the technical capacity to increase its oil output by 50,000 bpd within 2-3 months.

Britain's Buzzard oilfield will fully shut down for the first week of August for planned maintenance. The field produces about 150,000 bpd and is the largest contributor to the Forties crude stream. Maintenance at the field will last one week.

Oil output at Kazakhstan's Kashagan field reached an all-time high of 400,000 bpd on Tuesday. Prior to the maintenance, daily oil production on Kashagan oil field was at 330,000 bpd to 340,000 bpd.

The Islamic Republic News Agency reported that a fire broke out at a facility used for storing oil products at the Bandar Rajae port on Iran's Gulf coast on Wednesday. The fire started at a machine used to lift containers at the port and spread to an area used for storing oil products.

Mexican officials will seek to persuade the White House in talks hosted by US Vice President, Mike Pence, on Wednesday that their government has done enough to stem immigration and avoid tariffs. US President, Donald Trump, announced last week he would impose 5% tariffs on all imports from Mexico, increasing to as much as 25% later in the year, unless Mexico took a harder line on immigration to the US. Mexico's Foreign Secretary, Marcelo Ebrard, has stated that the threatened tariffs would be devastating to Mexico's economy and would not stop the waves of migrants from crossing the southern US border.

Russia's Energy Ministry said that Russia and Saudi Arabia's Energy Ministers, Alexander Novak and Khalid Al-Falih, will chair a trade and economy commission in Moscow on June 10th. The Ministry said the ministers will discuss bilateral trade and economic cooperation, joint projects in energy and agriculture.

IIR Energy reported that US oil refiners are expected to shut in 434,000 bpd of capacity in the week ending June 7th, increasing the available refining capacity by 234,000 bpd from the previous week. Offline capacity is expected to fall to 388,000 bpd in the week ending June 14th.

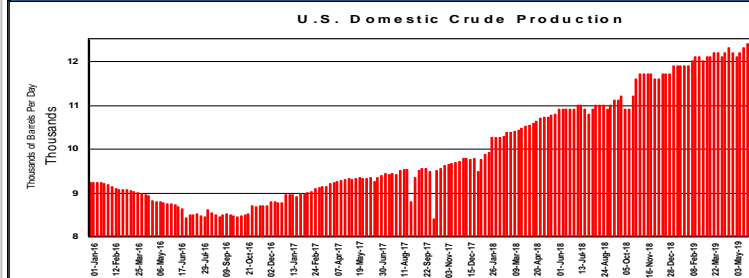
Early Market Call - as of 7:30 AM EDT

WTI - July \$52.13, up 44 cents
 RBOB - July \$1.7081, up 1.64 cents
 HO - July \$1.7838, up 43 points

All NYMEX | Prior Settlements

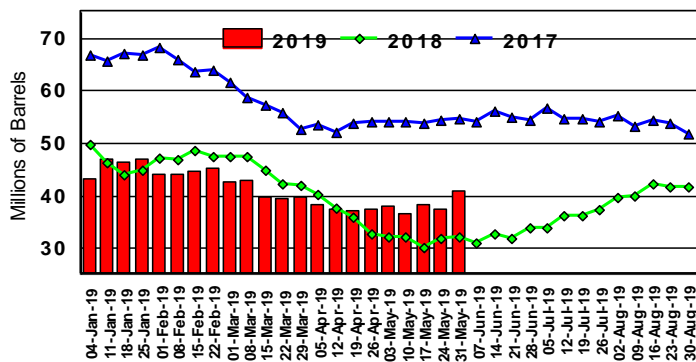
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-19	1.78	-0.0415	-0.1893
Aug-19	1.7852	-0.0413	-0.189
Sep-19	1.7935	-0.0421	-0.1887
Oct-19	1.8024	-0.0421	-0.1874
Nov-19	1.8094	-0.0419	-0.1861
Dec-19	1.8137	-0.0419	-0.1849
Jan-20	1.8164	-0.0421	-0.1842
Feb-20	1.8134	-0.0428	-0.1833
Mar-20	1.8055	-0.0433	-0.1818
Apr-20	1.7928	-0.0435	-0.18
May-20	1.7844	-0.0443	-0.1788
Jun-20	1.7798	-0.0446	-0.1775
Jul-20	1.7809	-0.0444	-0.1756
Aug-20	1.7835	-0.0441	-0.1734
Sep-20	1.787	-0.0439	-0.1708
Oct-20	1.7896	-0.0437	-0.1679
Nov-20	1.7916	-0.0434	-0.165

Sprague HeatCurve Oct 2019-Apr 2020		\$1.8098
Other Front Month NYMEX		Close
Crude - WTI	Aug Brent- WTI Spread	\$51.8300
Crude - Brent		\$60.6300
Natural Gas	\$8.80	\$2.3780
Gasoline		\$1.6928



Weekly EIA Petroleum Status Report for the Week Ending May 31, 2019

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 6.771 million barrels
 Cushing, OK Crude Stocks Up 1.791 million barrels
Gasoline Stocks Up 3.205 million barrels
Distillate Stocks Up 4.572 million barrels
Refinery % Operated 91.8%, Up 0.6%

PADD #1

Distillate Stocks (in million bbls)	Week Ending May 31, 2019	Week Ending May 24, 2019	Week Ending June 1, 2018
New England	5.4	4.6	4.5
Central Atlantic	21.5	21.5	16.0
Total PADD #1	40.8	37.2	32.2
Distillate Imports (thousands b/d)	87	120	99

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