

Market Commentary

Recap: The market retraced little more than 62% of the selloff seen over the past couple of sessions, despite the weekly petroleum stock report showing an unexpected build in crude stocks of over 4 million barrels. The oil market was supported by hopes for a pause in U.S. interest rate increases as U.S. Federal Reserve officials suggested interest rates could be steady this month. The market was also supported by the passage of the debt ceiling bill in the House of Representatives late Wednesday night, increasing the chances of averting a default. The crude market, which posted a low of \$67.51 in overnight trading, rebounded from its previous losses following data showing that China's manufacturing Purchasing Managers' Index returned to expansionary territory in May. The market paid little attention to the mostly bearish inventory report and rallied to a high of \$71.07 by mid-day. The July WTI contract later erased some of its gains ahead of the close and settled up \$2.01 at \$70.10. The August Brent contract settled up \$1.68 at \$74.28. Meanwhile, the product markets ended mixed, with the heating oil market settling up 6.38 cents at \$2.3147 and the RB market settling down 76 points at \$2.4362.

Technical Analysis: The oil market on Friday will likely retrace some more of its gains before it continues to trade higher ahead of the weekend. The market will likely remain supported by the hopes that the Senate will vote and pass the debt ceiling bill late Friday. The market is seen finding resistance at its high of \$71.07 followed by \$73.55, \$74.37 and \$74.73. Meanwhile, support is seen at \$70.00, \$68.75, its low of \$67.51, \$67.03 and \$63.90.

Fundamental News: Four sources stated that OPEC and its allies are unlikely to deepen supply cuts at their ministerial meeting on Sunday despite a fall in oil prices toward \$70/barrel.

According to the EIA, U.S. crude oil stocks in the SPR fell by about 2.5 million barrels in the week ending May 26th to 355.4 million barrels, the lowest level since September 1983. Meanwhile, crude oil stocks built by 4.489 million barrels on the week to 459.7 million barrels. The EIA also reported that the four-week average U.S. gasoline product supplies increased in the latest week to the highest level since December 2021.

Senate Majority Leader, Chuck Schumer, said the Senate will stay in session until members approve a bipartisan bill to suspend the government's \$31.4 trillion debt ceiling and send it to President Joe Biden's desk. He said the Senate will continue working until the job is done. A White House official said the White House has been reaching out to Democratic U.S. Senators as the chamber prepared to take up a bipartisan bill to raise the country's debt ceiling and avoid a default.

Kpler vessel tracking service shows that 29.36 million barrels of gasoline and unspecified clean products being imported into the USAC market in May, up from 27.67 million barrels in April. Kpler data already shows that 17.67 million barrels are expected so far in June.

The Kremlin said that relations with Saudi Arabia in OPEC+ were constructive and based on trust.

S&P Global Commodities is reporting that according to one Turkish official the reason that the pipeline flows from Iraq to Turkey remains halted and that Turkey has made no concrete announcement on when it plans to reopen the line, is that it is over a political/economic issue. Turkish officials reportedly are seeking talks with Iraqi government officials over the penalties it was ordered to pay Baghdad in the recent arbitration case, as well as a second arbitration case that is still pending.

Early Market Call - as of 8:30 AM EDT

WTI - July \$71.49, up \$1.39
 RBOB - July \$2.4856, up 4.94 cents
 HO - July \$2.3532, up 3.85 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-23	2.3147	0.0638	-0.0219
Aug-23	2.3114	0.0575	-0.0269
Sep-23	2.3164	0.0543	-0.0303
Oct-23	2.3205	0.0517	-0.0319
Nov-23	2.3208	0.0500	-0.0324
Dec-23	2.3172	0.0483	-0.0323
Jan-24	2.3177	0.0466	-0.0321
Feb-24	2.3141	0.0452	-0.0313
Mar-24	2.3032	0.0443	-0.0306
Apr-24	2.2840	0.0433	-0.0310
May-24	2.2721	0.0420	-0.0325
Jun-24	2.2630	0.0406	-0.0337
Jul-24	2.2601	0.0401	-0.0329
Aug-24	2.2583	0.0394	-0.0320
Sep-24	2.2577	0.0383	-0.0310
Oct-24	2.2583	0.0371	-0.0298
Nov-24	2.2573	0.0368	-0.0292

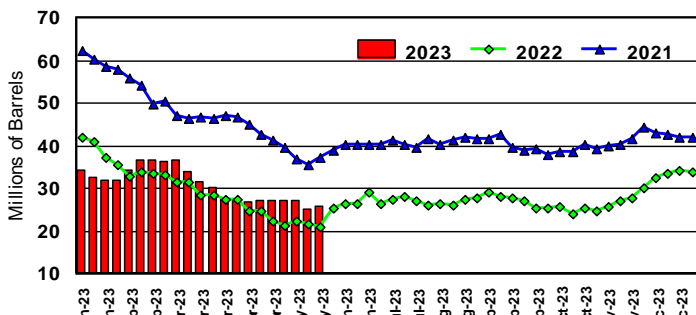
Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$4.08	\$70.2000	\$1.9600
Crude - Brent		\$74.2800	\$1.6800
Natural Gas		\$2.1580	-\$0.1080
Gasoline		\$2.4362	-\$0.0076

EIA Working Gas Storage Report

	26-May-23	19-May-23	Change	26-May-22
East	522	489	33	342
Midwest	577	546	31	421
Mountain	127	120	7	112
Pacific	151	139	12	199
South Central	1070	1042	28	814
Salt	304	294	10	249
Nonsalt	766	748	18	566
Total	2446	2336	110	1,889

Weekly EIA Petroleum Status Report for the Week Ending May 26, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 4.489 million barrels
 Cushing, OK Crude Stocks Up 1.628 million barrels
Gasoline Stocks Down 207,000 barrels
Distillate Stocks Up 985,000 barrels
Refinery % Operated 93.1%, up 1.4%

PADD #1

Distillate Stocks (in million bbl)	Week Ending May 26, 2023	Week Ending May 19, 2023	Week Ending May 27, 2022
New England	3.4	3.5	3.1
Central Atlantic	11.2	11.5	8.8
Total PADD #1	25.9	25.1	21.0
Distillate Imports (thousands b/d)	162	98	209