

## Market Commentary

**Recap:** The oil market posted an outside trading day as the market bounced off its lows and rallied over \$2 as optimism over the debt ceiling negotiations outweighed a build in crude stocks. The oil market continued to trend lower in overnight trading and posted a low of \$70.04 following an unexpected build in crude stocks of 3.7 million barrels reported by the API on late Tuesday afternoon. However, the market bounced off its low and retraced some of its losses. The oil market breached its previous high of \$71.79 and rallied higher as U.S. President Joe Biden said he was confident that he and top Republican and Democratic lawmakers will reach a budget agreement and that the U.S. will not default on its debt following talks on Tuesday afternoon. Also, the Speaker of the House, Kevin McCarthy, promised to avoid a default adding to the market's positive sentiment. The crude market rallied to a high of \$73.26 in afternoon trading, despite the large unexpected build in crude stocks of over 5 million barrels reported by the EIA earlier in the day. The June WTI contract later settled in a sideways trading range and ended the session up \$1.97 at \$72.83. The July Brent contract settled up \$2.05 at \$76.96. Meanwhile, the product markets ended the session sharply higher with the heating oil market settling up 5.87 cents at \$2.4226 and the RB market settling up 9.01 cents at \$2.5692 in light of the 1.4 million barrel draw in gasoline stocks.

**Technical Analysis:** The crude oil market is seen remaining in its recent trading range from \$68.50 to \$74.00 as the market awaits for further news on the debt ceiling negotiations over the next few days. The market is seen finding resistance at its high of \$73.26, \$73.89 followed by further upside at \$76.69, \$76.92 and \$77.93. Meanwhile, support is seen at \$72.00, \$71.00 and its low of \$70.04 followed by \$69.41, \$68.77, \$68.48 and \$67.56.

**Fundamental News:** The EIA reported that crude stocks in the SPR fell by 2.4 million barrels in the week ending May 12<sup>th</sup> to 359.6 million barrels, the lowest level since September 1983. It also reported that distillate stocks in the Midwest fell by 3.5% to 24.1 million barrels, the lowest level since December 2020. Meanwhile, gasoline stocks fell by 1.381 million barrels in the latest week, as the four-week average of U.S. gasoline product supplied increased to the highest level since December 2021. It said the four week average increased by 1.1% on the week to 9.1 million bpd.

The White House said U.S. President Joe Biden will continue talks with congressional leaders on the nation's debt limit later this week and will meet with them again after the G7 summit. White House spokeswoman, Karine Jean-Pierre, said President Biden would speak with top lawmakers by telephone during his trip to the Group of Seven gathering in Japan as negotiations over the U.S. debt ceiling continue. On Tuesday, President Biden called his meeting with House Republican Speaker Kevin McCarthy at the White House productive and postponed plans to visit Papua New Guinea and Australia, cutting short his Asia trip so he can return to Washington. Meanwhile, House Speaker Kevin McCarthy said he believed the United States will not default on its debt now that congressional leaders and President Joe Biden's administration are sitting down and negotiating.

Russia's President, Vladimir Putin, said that oil production cuts were required to maintain a certain price level, contradicting assurances from other OPEC+ leaders that the producer group was not seeking to manage the market in that way. He said that the situation on the global oil market was, on the whole, "absolutely stable". He also said that Russia had been cutting oil production and it was at the "required level".

Rystad Energy said about 2.7 million bpd of Alberta oil sands production in May is in "very high" or "extreme" wildfire danger rating zones, posing a risk to supply.

### Early Market Call - as of 9:10 AM EDT

WTI - June \$72.36, down 47 cents

RBOB - June \$2.5689, up 3 points

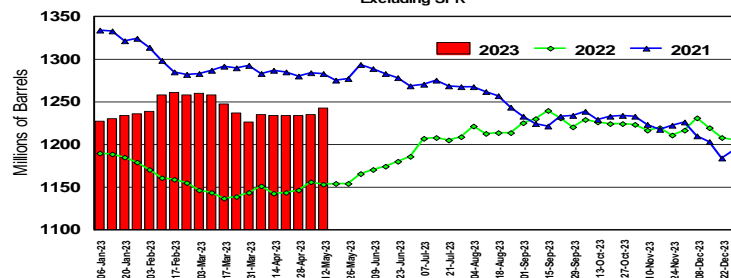
HO - June \$2.4047, down 1.79 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jun-23	2.4226	0.0587	0.0292
Jul-23	2.4075	0.0608	0.0187
Aug-23	2.4059	0.0606	0.0146
Sep-23	2.4096	0.0593	0.0121
Oct-23	2.4120	0.0578	0.0092
Nov-23	2.4101	0.0561	0.0069
Dec-23	2.4051	0.0549	0.0056
Jan-24	2.4033	0.0530	0.0033
Feb-24	2.3981	0.0513	0.0014
Mar-24	2.3866	0.0498	0.0001
Apr-24	2.3676	0.0480	-0.0012
May-24	2.3556	0.0461	-0.0026
Jun-24	2.3469	0.0450	-0.0032
Jul-24	2.3428	0.0434	-0.0036
Aug-24	2.3393	0.0419	-0.0036
Sep-24	2.3364	0.0406	-0.0033
Oct-24	2.3343	0.0403	-0.0021

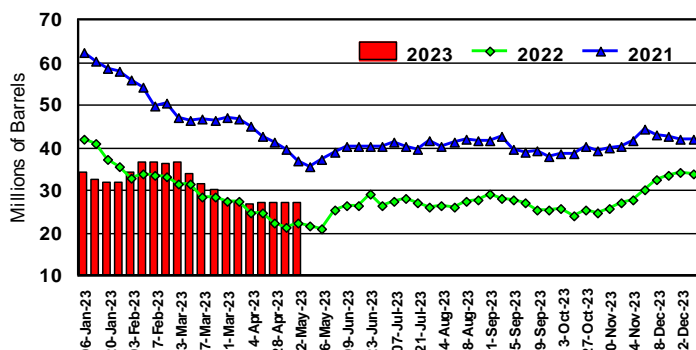
Sprague HeatCurve October 2023-April 2024			\$2.3983
		Close	Change
Crude - WTI	July Brent-WTI Spread \$4.07	\$72.8900	\$2.0500
Crude - Brent		\$76.9600	\$2.0500
Natural Gas		\$2.3650	-\$0.0110
Gasoline		\$2.5692	\$0.0901

## Total U.S. Oil Stocks Excluding SPR



## Weekly EIA Petroleum Status Report for the Week Ending May 12, 2023

### Distillate Stocks PADD #1



### Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 2.951 million barrels

Cushing, OK Crude Stocks Up 397,000 barrels

Gasoline Stocks Down 3.167 million barrels

Distillate Stocks Down 4.17 million barrels

Refinery % Operated 91%, up 0.3%

### PADD #1

	Week Ending May 12, 2023	Week Ending May 5, 2023	Week Ending May 13, 2022
Distillate Stocks (in million bbl)			
New England	3.1	3.6	3.3
Central Atlantic	12.3	11.9	9.2
Total PADD #1	27.1	27.0	22.5
Distillate Imports (thousands b/d)	109	96	70