

Market Commentary

Recap: Oil prices pivoted between gains and losses on Monday, as traders grapple with the recent announcement of voluntary production cuts by U.S. oil firms amid weak demand and heightening tensions between the U.S. and China over China's handling of the coronavirus pandemic. With the recently expired May contract trading in negative territory prior to its expiration, traders no longer want to hold oil for delivery soon, and as a result, there are now more July futures contracts outstanding than June futures, a shift that normally would only occur closer to May 20, the day the June contracts expire. Investors say a lack of trading activity in near-dated contracts could make prices even more prone to outside swings. After trading at a session low of \$8.05, June WTI reversed to the upside to trade close to \$21 a barrel before paring gains to settle at \$20.39 a barrel, up 61 cents, or 3.1%. July Brent rose 76 cents, or 2.9%, to settle at \$27.20 a barrel. June RBOB closed up 7.2% at 82.15 cents a gallon, the highest front-month contract finish since March 13, according to Dow Jones Market Data. June heating oil up 0.9% at 80.31 cents a gallon.

Technical Analysis: June WTI blasted through two key resistance levels, \$19.83, the 50% retracement provided by its April high of \$33.15 and low of \$6.50 and psychological resistance set at \$20. Tuesday's session will prove crucial as to whether or not this market has enough stamina to remain above \$20. Resistance is set at \$21.09 and above that at \$22.97, the 62% retracement of the aforementioned range. To the downside, support is seen at \$19.83 and below that at \$17.79.

Fundamental News: Genscape reported that crude oil held in Cushing, Oklahoma in the week ending Friday, April 1st increased by 1,790,775 barrels and by 765,209 barrels from Tuesday, April 28th to 66,857,030 barrels.

Goldman Sachs Equity Research said in a note that there remains a substantial inventory overhang through the second half of 2020 and expects the price of WTI oil at around \$30/barrel. It sees WTI prices at \$31.77/barrel in 2020 and expects oil to move back to mid-cycle levels in the second half of 2021. It stated that lower crude production due to reduced activity and OPEC+ cuts, coupled with a partial recovery in oil demand, should drive prices higher next year. It raised its 2021 forecast for global benchmark Brent crude prices to \$55.63/barrel from a previous estimate of \$52.50/barrel. The bank increased its estimate for US WTI crude to \$51.38/barrel from a previous forecast of \$48.50/barrel.

Saudi Aramco said its sites remain operational and its supply chains remain uninterrupted despite the coronavirus pandemic.

Texas Railroad Commissioner, Ryan Sitton, who urged the state to consider curtailing oil output by 1 million bpd said there are not enough votes to pass the measure and will not make a motion to vote on it.

IIR Energy said US oil refiners are expected to shut in 4.5 million bpd of capacity in the week ending May 8th, increasing available refining capacity by 102,000 bpd from the previous week. Offline capacity is expected to remain steady at about 4.5 million bpd in the week ending May 15th.

Enbridge Inc said it reached a deal with shippers to temporarily store crude in North America's largest oil pipeline network, as Canadian producers scramble to respond to weak refinery demand and low prices. Enbridge said the agreement would temporarily provide about 912,000 barrels of storage on its Canadian Mainline system starting on June 1st. The Mainline has a capacity of nearly 3 million bpd, moving western Canadian oil to US refiners.

Early Market Call - as of 8:25 AM EDT

WTI - June \$22.84, up \$2.44

RBOB - June \$8.681, up 4.67 cents

HO - June \$8.531, up 5 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-20	0.8031	0.0070	-0.0995
Jul-20	0.8532	0.0054	-0.0801
Aug-20	0.8951	0.0034	-0.0614
Sep-20	0.9327	0.0030	-0.0499
Oct-20	0.9676	0.0034	-0.0424
Nov-20	0.9960	0.0037	-0.0349
Dec-20	1.0160	0.0028	-0.0272
Jan-21	1.0350	0.0019	-0.0204
Feb-21	1.0510	0.0007	-0.0153
Mar-21	1.0642	-0.0002	-0.0116
Apr-21	1.0717	-0.0010	-0.0089
May-21	1.0831	-0.0015	-0.0077
Jun-21	1.0955	-0.0019	-0.0064
Jul-21	1.1152	-0.0020	-0.0072
Aug-21	1.1337	-0.0022	-0.0077
Sep-21	1.1490	-0.0028	-0.0088
Oct-21	1.1621	-0.0036	-0.0089

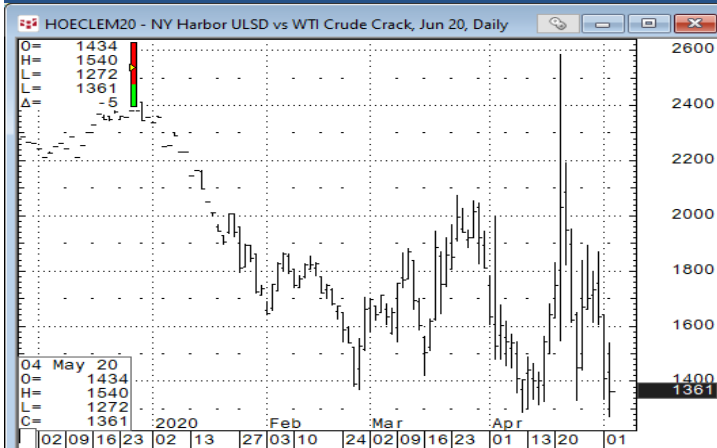
Sprague Heat Weighted Strip October -April 20/2021 \$1.0331

Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-	\$22.7800	\$0.4900
Crude - Brent	WTI Spread	\$27.2000	\$0.7600
Natural Gas	\$4.42	\$1.9930	\$0.1030
Gasoline		\$0.8215	\$0.0552

ICE July Brent-WTI Spread



June Heating Oil Crack Spread



June RBOB Crack Spread

