

Market Commentary

Recap: The oil market sold off on Tuesday as the physical market for crude signaled that supplies are more than enough to meet demand. Bloomberg reported that WTI's June-July cash roll fell to a discount of 30 cents/barrel, indicating lower demand for barrels being delivered in June than in July. The market also reflected ample supply in the short term as the front month WTI spread deepened into contango. The oil market was also pressured by concerns about whether the U.S. Congress will pass the U.S. debt ceiling agreement reached over the weekend. The crude market traded to a high of \$73.55 during Monday's shortened trading session in observance of Memorial Day. However, the market erased its gains and extended its losses to \$3.65 as it retraced more than 50% of its move from a low of \$63.90 to a high of \$74.73 and posted a low of \$69.02 in afternoon trading. The market later bounced off its low and retraced some of its losses ahead of the close. The July WTI contract settled down \$3.21 at \$69.46 and July Brent contract settled down \$3.53 at \$73.54. The product markets ended the session sharply lower, with the heating oil market settling down 8.85 cents at \$2.2808 and the RB market settling down 10.75 cents at \$2.5959.

Technical Analysis: The oil market on Wednesday will likely retrace some of its losses as the market awaits the release of the weekly petroleum stock reports. The market will also remain focused on the news regarding the debt ceiling agreement and whether it is passed by Congress this week. The market is seen finding support at its low of \$69.02, \$68.46 and \$68.04. More distant support is seen at \$63.90. Meanwhile, resistance is seen at \$70.00, \$70.50, \$71.40, \$72.05 and its high of \$73.55. More distant upside is seen at \$74.37 and \$74.73.

Fundamental News: IIR Energy said that U.S. oil refiners are expected to shut in about 222,000 bpd of capacity in the week ending June 2nd, increasing available refining capacity by 335,000 bpd. Offline capacity is expected to fall to 34,000 bpd in the week ending June 9th.

Colonial Pipeline Co is allocating space for Cycle 33 on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina. The current allocation is for the pipeline segment north of Collins, Mississippi.

Russia's Deputy Prime Minister Alexander Novak is set to discuss the situation on the oil market with oil companies on Tuesday. Novak's office said the meeting is taking place against a background of higher gasoline prices. The government has been considering restrictions on gasoline exports to stem the increase in fuel prices.

OPEC's Secretary General, Haitham Al Ghai, told the Iranian oil ministry's website SHANA that OPEC will welcome Iran's full return to the oil market when sanctions are lifted. OPEC's Secretary General, who is visiting Tehran for the first time, added that Iran has the capacity to bring on significant production volumes within a short period of time.

According to Refinitiv analyst Raj Rajendran, Northwest Europe gasoline exports to the United States so far in May are high, with April loadings bound for the US being revised upwards to 1.26 million tons from 1.06 million tons. Shipments to the US so far in May increased to 790,000 tons, up from 618,000 tons estimated last week and this could increase to the million ton level. Shipments to West Africa in May are at 370,000 tons, sharply less than the revised 797,000 tons in April. Exports to Latin America increased sharply. NWE flows in May on the two major routes were estimated at about 1.2 million tons, down from 2.05 million tons in April. Meanwhile, European diesel arrivals in May are set to reach 5.91 million tons, down from 6.9 million tons in April.

Early Market Call - as of 9:20 AM EDT

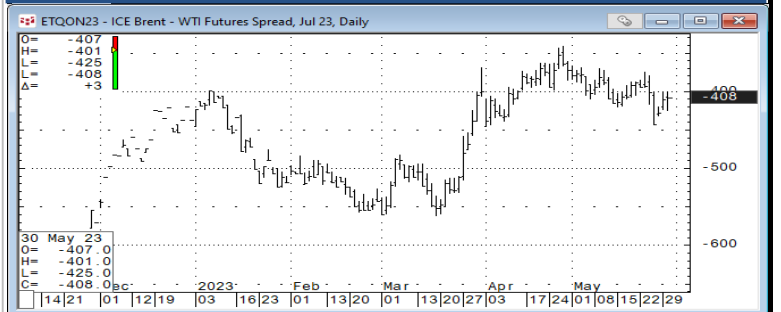
WTI - July \$68.46, down 99 cents
 RBOB - June \$2.5488, down 4.71 cents
 HO - June \$2.2650, down 1.58 cents

All NYMEX | Prior Settlements

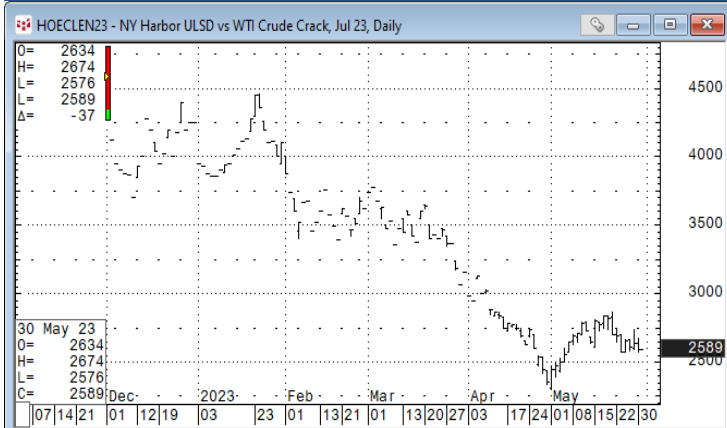
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-23	2.2808	-0.0885	-0.0809
Jul-23	2.2690	-0.0864	-0.0835
Aug-23	2.2728	-0.0833	-0.0819
Sep-23	2.2822	-0.0820	-0.0802
Oct-23	2.2896	-0.0803	-0.0784
Nov-23	2.2922	-0.0788	-0.0768
Dec-23	2.2901	-0.0775	-0.0759
Jan-24	2.2920	-0.0763	-0.0739
Feb-24	2.2892	-0.0750	-0.0725
Mar-24	2.2788	-0.0737	-0.0723
Apr-24	2.2610	-0.0724	-0.0720
May-24	2.2514	-0.0712	-0.0717
Jun-24	2.2447	-0.0696	-0.0708
Jul-24	2.2413	-0.0693	-0.0701
Aug-24	2.2393	-0.0685	-0.0692
Sep-24	2.2387	-0.0667	-0.0680
Oct-24	2.2399	-0.0648	-0.0663

Sprague HeatCurve October 2023-April 2024		\$2.2862
	Close	Change
Crude - WTI	\$69.4600	-\$3.2100
Crude - Brent	\$73.5400	-\$3.5300
Natural Gas	\$2.3270	-\$0.0900
Gasoline	\$2.5959	-\$0.1075

ICE July Brent-WTI Spread



July Heating Oil Crack Spread



July RBOB Crack Spread

