

## Market Commentary

**Recap:** Oil prices rose as much as 2 percent on Tuesday after Saudi Arabia said some of its oil infrastructure was attacked by drones, just two days after Saudi oil tankers were damaged off the coast of the United Arab Emirates. July Brent continued to climb higher in late afternoon trading, tacking on \$1.42, to trade at a session high of \$71.64 a barrel, while June WTI reached a session high of \$62.11, a gain of \$1.11, or 1.7 percent by 10.27 EDT. Market participants are still trying to navigate trade U.S. – China trade talks, which have come to a stalemate, supply shortages due to U.S. sanctions against Iran and Venezuela and ongoing OPEC led production cuts. Range bound trading between \$65.00 and \$60.00 is likely to continue unless fresh fundamentals enter the market. June WTI finished the session at \$61.78 a barrel, up 74 cents, or 1.21 percent, while Brent for July delivery settled at \$71.24 a barrel, up \$1.01, or 1.44 percent. June RBOB rose 0.7% to \$1.977 a gallon, while June heating oil gained 1% to \$2.059 a gallon.

**Technical Analysis:** In a show of strength, June WTI settled above \$61.51, the 50-day moving average, while failing to hold above \$61.92, the 10-day moving average. At this point in time, it looks like we will see continued sideways trading. Should we get a break below \$59.00, we could see a slip toward the \$55.00 level. Support is set at \$59.50 and below that at \$58.25. Resistance is set at \$62.60 and above that at \$63.35.

**Fundamental News:** OPEC said world demand for its oil would be higher than expected this year as supply growth from non-OPEC producers, including US shale producers slows. It cut its estimate of oil supply growth from outside OPEC in 2019 and said the rapid rise in production of US tight oil was moderating. OPEC kept its estimate of global growth in oil use in 2019 steady at 1.21 million bpd. OPEC's total oil production fell by just 3,000 bpd to 30.031 million bpd.

Saudi Arabia's main equities index fell 2% on Tuesday after the government announced that drones had attacked oil pumping stations in the Riyadh region. Saudi Arabia said explosive-laden drones struck oil pumping station on Tuesday in what it called an act of terrorism two days after Saudi oil tankers were sabotaged off the coast of the UAE. Saudi Arabia's Energy Minister, Khalid al-Falih, said the attack on two oil pumping stations had not disrupted oil production or exports of crude and petroleum products. Pumping on the East-West pipeline was halted until the damage is evaluated.

US President, Donald Trump, defended his trade war with China as tensions escalated this week, saying it was a model for US negotiations with other countries. He said "when the time is right, we will make a deal with China." On Monday, China ignored a warning from US President Donald Trump and moved to impose higher tariffs on a range of US goods including frozen vegetables and liquefied natural gas.

Russia's Foreign Minister, Sergei Lavrov, told US Secretary of State, Mike Pompeo, that it was time for Russia and the US to put aside years of mistrust and find a way to work together constructively. US Secretary of State told Russia's Foreign Minister that US President Donald Trump is committed to improving relations with Russia.

Saudi Aramco aims to increase its oil supply to Europe by 300,000 bpd within the next two years as it expands its trading operations there with an office opening this summer in London.

Russian oil supplies to Poland and Germany via the northern spur of the Druzhba pipeline in Belarus are still suspended.

IIR Energy reported that US oil refiners are expected to shut in about 607,000 bpd of capacity in the week ending May 17<sup>th</sup>, increasing the available refining capacity by 438,000 bpd from the previous week.

**Early Market Call - as of 8:25 AM EDT**

WTI - June \$61.04, down 74 cents

RBOB - June \$1.9693, down 77 points

HO - June \$2.0544, down 47 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-19	2.0589	0.0205	0.0213
Jul-19	2.062	0.0215	0.0225
Aug-19	2.0663	0.0215	0.022
Sep-19	2.0728	0.0212	0.0202
Oct-19	2.0797	0.0207	0.019
Nov-19	2.085	0.0199	0.0174
Dec-19	2.0884	0.0195	0.0159
Jan-20	2.0902	0.0189	0.0145
Feb-20	2.0851	0.0184	0.0134
Mar-20	2.0732	0.0179	0.0117
Apr-20	2.0555	0.017	0.0093
May-20	2.0436	0.0165	0.0081
Jun-20	2.0349	0.0165	0.007
Jul-20	2.0304	0.0166	0.007
Aug-20	2.0264	0.0166	0.0068
Sep-20	2.0241	0.0168	0.0074
Oct-20	2.0214	0.0164	0.006

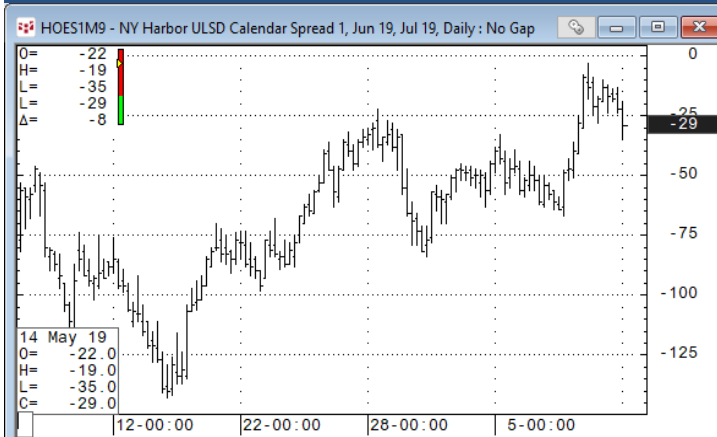
## Sprague HeatCurve Oct 2019-Apr 2020 \$2.0819

Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-	\$61.9600	\$0.7500
Crude - Brent	WTI Spread	\$71.2400	\$1.0100
Natural Gas	\$9.28	\$2.6590	\$0.0380
Gasoline		\$1.9767	\$0.0130

## API Weekly Report for the Week Ending May 10, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 8.6 million barrels	Down 2.3 million barrels
Cushing, OK Crude Stocks	Up 2.1 million barrels	
Gasoline Stocks	Up 567,000 barrels	Up 750,000 barrels
Distillate Stocks	Up 2.2 million barrels	Up 440,000 barrels
Refinery Runs	Up 15,000 bpd	Up 1% at 89.9%

## NYMEX Heating Oil June-July Spread



## NYMEX RBOB June-July Spread

