

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** It was a rollercoaster ride for oil futures on Thursday, with WTI trading above \$70 a barrel for the second straight session, drawing support from higher-than-forecast U.S. inflation data. The climb above \$70 only to come crashing down below \$69 a barrel on an unconfirmed report that the U.S. lifted sanctions against Iran. This sharp decline was short lived, lasting only 5 minutes, as news broke that the aforementioned report was incorrect. A quick jump ensued, taking July WTI back above \$70, where it spent the remainder of the session. This spot contract settled at \$70.29 a barrel, up 33 cents, or 0.47%. This was the highest settlement for a spot contract in over two-years. Brent for August delivery ended up 30 cents, or 0.42%, to settle at \$72.52 a barrel. July RBOB gained 0.97 cent per gallon, or 0.44%, to settle at \$2.2122 a gallon, the second highest settlement this year. July heating oil rose nearly 0.7% to \$2.14 a gallon.

**Technical Analysis:** The rebound in oil prices suggests that buyers are still in this market, despite the weak gasoline report that came out this week. Traders appear to be of the sentiment that this will be short-lived and demand will pick up throughout the summer. Traders may also be thinking that the gasoline inventory number is a bit distorted due to the shutdown of the Colonial Pipeline. That being said, we still think that this market will continue to work higher. With the July WTI above \$70, we would look for a stretch toward \$75. Support is seen at \$68 and below that at \$66.43.

**Fundamental News:** OPEC continues to predict a strong world oil demand recovery in 2021 led by the United States and China, although it cited uncertainties around the path of the pandemic. In a monthly report, OPEC said demand would increase by 5.95 million bpd this year, or by 6.6%. OPEC sees 2021 world economic growth at 5.5%, unchanged from last month, assuming the impact of the pandemic will have been "largely contained" by the beginning of the second half. The report showed higher OPEC oil output, reflecting the decision to produce more and gains from Iran, exempt from making voluntary cuts due to U.S. sanctions. OPEC's output in May increased by 390,000 bpd to 25.46 million bpd. Saudi Arabia notified OPEC that it increased its output in May by 410,000 bpd to 8.54 million bpd. Demand for OPEC crude will average 29 million bpd in the final six months of the year. OPEC raised its forecast for 2021 non-OPEC oil supply growth by 130,000 bpd to 840,000 bpd. OPEC also reported that OECD oil stocks in April were 34 million barrels above the 2015-2019 five year average.

According to Reuters calculations based on data from oil analytics firm Vortexa, traders loaded about 3.8 million barrels of gasoline and blending components from Asia, mainly South Korea and India, bound for the United States in May, up more than 51% on the month.

TC Energy Corp. said it was walking away from the Keystone XL pipeline project, ending a decade-plus battle between the energy industry and environmentalists as oil sands producers sought to export Canadian crude.

Saudi Arabia produced 8.544 million bpd in May, indicating it has unwound its voluntary extra output cut at a faster pace than it originally announced.

S&P Global Platts reported Saudi Aramco has not yet embarked on work to expand its maximum sustained production capacity to 13 million b/d from 12 million b/d.

Farrokh Alikhani, who serves as deputy for production at the NIOC, said the company will be able to restore a majority of output lost due to U.S. sanctions in less than a month.

**Early Market Call - as of 8:30 AM EDT**

WTI - July \$70.23, down 6 cents  
 RBOB - July \$2.1710, down 4.11 cents  
 HO - July \$2.1040, down 3.92 cents

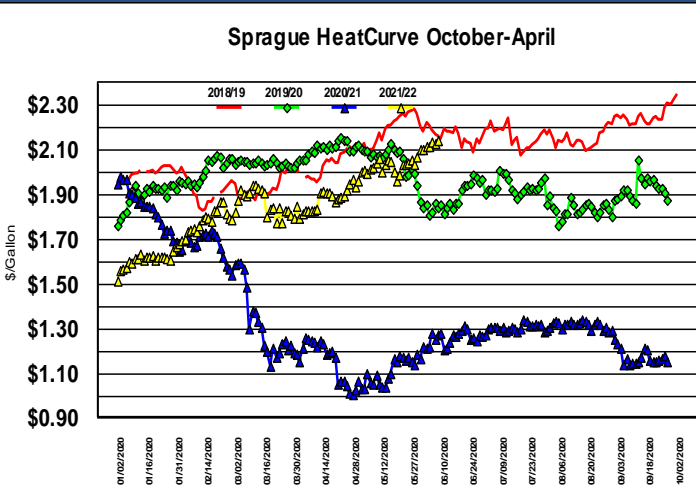
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-21	2.1434	0.0139	0.0235
Aug-21	2.1459	0.0134	0.0237
Sep-21	2.1487	0.0131	0.0239
Oct-21	2.1502	0.0126	0.0241
Nov-21	2.1498	0.0119	0.0236
Dec-21	2.1478	0.0113	0.0228
Jan-22	2.1449	0.0106	0.0221
Feb-22	2.1389	0.0102	0.0225
Mar-22	2.1288	0.0099	0.0233
Apr-22	2.1139	0.0095	0.0236
May-22	2.1034	0.0089	0.0231
Jun-22	2.0950	0.0086	0.0230
Jul-22	2.0931	0.0083	0.0231
Aug-22	2.0920	0.0080	0.0232
Sep-22	2.0911	0.0076	0.0223
Oct-22	2.0906	0.0072	0.0232
Nov-22	2.0901	0.0068	0.0231

Sprague HeatCurve October 2021-April 2022			\$2.1400
		Close	Change
Crude - WTI	Aug Brent- WTI Spread \$2.43	\$70.0900	\$0.3000
Crude - Brent		\$72.5200	\$0.3000
Natural Gas		\$3.1490	\$0.0200
Gasoline		\$2.2122	\$0.0097

EIA Working Gas Storage Report				
	04-Jun-21	28-May-21	Change	04-Jun-2020
East	445	413	32	559
Midwest	547	522	25	658
Mountain	160	151	9	147
Pacific	276	268	8	280
South Central	983	959	24	1,150
Salt	302	300	2	356
Nonsalt	681	659	22	794
Total	2,411	2,313	98	2,794

## Sprague HeatCurve October-April

## WTI Continuation



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