

Market Commentary

Recap: The oil market rallied higher on Monday on concerns about lower supplies in Canada and elsewhere. The market continued to trend lower and posted a low of \$69.41 in overnight trading before it bounced off its low and retraced its earlier losses. The market was well supported by news of the wildfires in Alberta, Canada shutting in large amounts of crude supply. At least 300,000 bpd of oil equivalent production was shut in last week in Alberta. Also, supporting the market was the expectations that the U.S. could begin repurchasing oil for the SPR after completing a congressionally mandated sale in June following a statement made by U.S. Energy Secretary, Jennifer Granholm last week. Also, flows of northern Iraqi crude to Turkey's Ceyhan port have yet to resume following Baghdad's request to restart them last week. The market rallied to a high of \$71.69 in afternoon trading. The June WTI contract retraced some of its gains and settled in positive territory for the first time in four sessions, up \$1.07 at \$71.11. The July Brent contract settled up \$1.06 at \$75.23. Meanwhile, the product markets settled sharply higher, with the heating oil market settling up 7.25 cents at \$2.3780 and the RB market settling up 4.18 cents at \$2.472.

Technical Analysis: The oil market on Tuesday will likely retrace some of its gains and trade mostly sideways as the market awaits the outcome of the meeting between President Biden, the Speaker of the House and other congressional leaders for their debt ceiling negotiations. Technically, the daily slow stochastics are still trending sideways. The market is seen finding resistance at its high of \$71.69, \$71.78, \$73.50 and \$73.89. More distant resistance is seen at \$75.84, \$76.11, \$76.69, \$76.92 and \$77.93. Meanwhile, support is seen at its low of \$69.41, \$68.77, \$68.48 and \$67.56.

Fundamental News: Trading and shipping sources said flows of northern Iraqi crude oil to Turkey's Ceyhan port have not resumed following Baghdad's request to restart them last week. Iraq's Oil Minister wanted flows to resume on Saturday at a rate of 500,000 bpd after they had been halted since March 25th. A source said operators at Ceyhan have not even received instructions to prepare for restart of flows.

Canada's Prime Minister, Justin Trudeau was meeting soldiers helping fight wildfires in Alberta that forced people to evacuate homes in Canada's main oil-producing province over the weekend. There were more than 100 wildfires this month, at one point pushing more than 30,000 people out of their homes while oil and gas producers shut in at least 319,000 bpd of oil equivalent or 3.7% of national production.

The EIA reported that total oil production in the shale regions for June is forecast to increase by 42,000 bpd to 9.332 million bpd, the highest level on record in June, following a 53,000 bpd increase in May. Bakken oil production for June is seen increasing by 13,000 bpd to 1.232 million bpd following a 15,000 bpd increase in May, while Eagle Ford oil output for June is forecast to increase by 2,300 bpd to 1.108 million bpd following a 9,600 bpd increase in May. Permian Basin oil production in June is expected to increase by 15,000 bpd to 5.707 million bpd, the highest level on record, following a 13,000 bpd increase in May.

Saudi Arabia's crude oil exports have been declining in May as a voluntary production cut pledged by the kingdom and other OPEC+ producers take hold after an increase in April. Petrologistics' data showed that Saudi Arabia increased its crude exports in April by 470,000 bpd on the month. Kpler estimated Saudi Arabia's oil exports in April at 7.58 million bpd, up 390,000 bpd on the month. Kpler's data shows Saudi crude exports are likely to average 6.48 million bpd in May.

IIR Energy reported that U.S. oil refiners are expected to shut in about 351,000 bpd of capacity in the week ending May 19th, increasing available refining capacity by 282,000 bpd.

Early Market Call - as of 8:15 AM EDT

WTI - June \$71.24, up 13 cents

ROBOB - June \$2.4696, down 24 points

HO - June \$2.3789, up 9 points

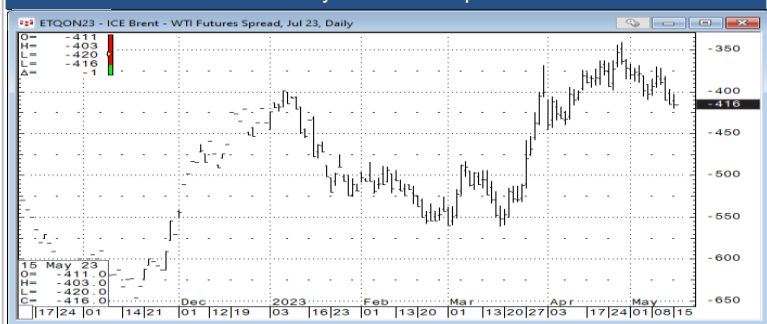
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-23	2.3780	0.0725	0.0003
Jul-23	2.3597	0.0621	-0.0197
Aug-23	2.3573	0.0568	-0.0276
Sep-23	2.3628	0.0550	-0.0300
Oct-23	2.3673	0.0529	-0.0321
Nov-23	2.3678	0.0515	-0.0323
Dec-23	2.3643	0.0507	-0.0322
Jan-24	2.3647	0.0497	-0.0327
Feb-24	2.3612	0.0485	-0.0343
Mar-24	2.3513	0.0471	-0.0353
Apr-24	2.3343	0.0461	-0.0352
May-24	2.3244	0.0448	-0.0347
Jun-24	2.3173	0.0430	-0.0332
Jul-24	2.3151	0.0424	-0.0318
Aug-24	2.3131	0.0420	-0.0303
Sep-24	2.3107	0.0410	-0.0292
Oct-24	2.3084	0.0403	-0.0281

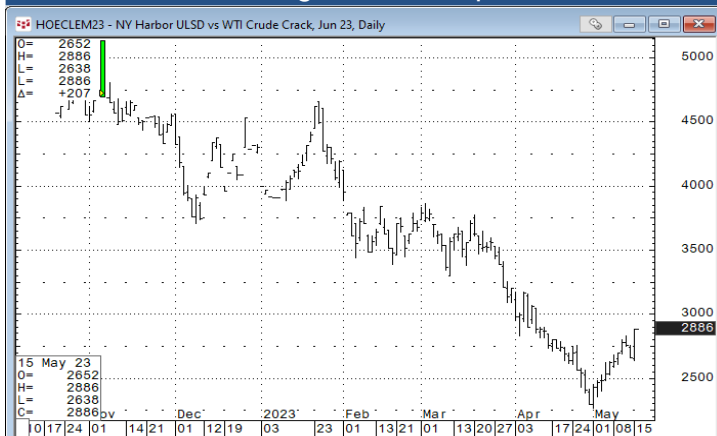
Sprague HeatCurve October 2023-April 2024

	Close	Change
Crude - WTI	\$71.0900	\$1.0700
Crude - Brent	\$75.2300	\$1.0600
Natural Gas	\$2.3750	\$0.1090
Gasoline	\$2.4720	\$0.0418

ICE July Brent-WTI Spread



June Heating Oil Crack Spread



June RBOB Crack Spread

