

Market Commentary

Recap: With Iranian tensions keeping traders on edge, WTI shot through \$70 a barrel on Monday, while Brent rose above \$76 a barrel. Both blends reached their highest level since 2014. The June WTI contract rose to a high of \$70.84 a barrel and remained within a 28 cent range up until the settlement period at 2:30pm EST. Brent had even a smaller sideways range of 22 cents, after peaking at \$76.33 a barrel. A sharp post-settlement sell off ensued as news broke that U.S. President Trump would announce his decision on Iran's nuclear deal on Tuesday, rather than the anticipated Saturday, May 12. June WTI fell to a fresh daily low of \$69.51 a barrel, while July Brent tumbled below \$75 a barrel, hitting a low of \$74.85. June WTI settled at \$70.73 a barrel, up \$1.01, or 1.45%, while July Brent gained \$1.30, or 1.74%, settling at \$76.17 a barrel.

June RBOB rose about 1% to \$2.134 a gallon, while June heating oil advanced by 1.4% to \$2.185 a gallon.

Fundamental News: Saudi Arabia's Energy Minister, Khalid al-Falih told Japan's Trade Minister, Hiroshige Seko, that he is concerned about low investment levels and potential oil shortages in the future. He is concerned about tight spare capacity, although he believes the market is in better shape after the OPEC-led production cuts that started in 2016. He said "we believe we are on our way to restoring energy stability to the market, and Japan will continue to receive our highest commitment." He said Saudi Arabia is trying its hardest to stabilize oil markets. He also stated that bringing oil inventories back to their five-year average is not the target of OPEC's output cuts.

Iran's Oil Minister, Bijan Zanganeh said that Iran preferred a reasonable crude oil price to avoid market instability. He said that reasonable oil prices would encourage producers to keep supply while it would prevent global markets from falling into instability. Separately, Iran's Deputy Oil Minister for International and Commercial Affairs, Amir Hossein, said a suitable price for crude is \$60 to \$65/barrel.

US President, Donald Trump, said he would announce his decision on whether to withdraw from the Iran nuclear deal on Tuesday at 2pm.

Iran's Oil Ministry website quoted senior officials as saying that Iran's oil industry will continue to develop even if the US pulls out of the 2015 Iran nuclear deal and new sanctions are imposed on Iran. Deputy Oil Minister, Amirhossein Zamaninia, also said that Iran considered the deal alive if we can continue to sell our oil and its products even if the US pulls out.

The foreign ministers of France and Germany said they will hold on to the nuclear agreement with Iran, regardless of the upcoming US decision on whether to nix the agreement.

Repairs at Britain's Sullom Voe terminal have been completed after a problem was detected last week that cut the supply of Brent.

According to S&P Global Platts survey, OPEC's crude oil production in April fell for the third consecutive month to a one-year low, mainly due to Venezuela's continued output decline and Iraq's first decline since November. OPEC produced 32 million bpd in April, down 140,000 bpd on the month.

IIR reported that US oil refiners are expected to shut in 1.16 million bpd of capacity in the week ending May 11th, increasing available refining capacity by 15,000 bpd from the previous week. IIR expects offline capacity to fall to 828,000 bpd in the week ending May 18th.

Early Market Call - as of 9:00 AM EDT

WTI - June \$70.19 down 54 cents

RBOB - June \$2.1267 down 73 points

HO - June \$2.1758 down 1.12 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-18	\$2.1850	\$0.0310	\$0.0357
Jul-18	\$2.1808	\$0.0325	\$0.0375
Aug-18	\$2.1797	\$0.0332	\$0.0397
Sep-18	\$2.1812	\$0.0336	\$0.0403
Oct-18	\$2.1820	\$0.0335	\$0.0406
Nov-18	\$2.1820	\$0.0327	\$0.0412
Dec-18	\$2.1796	\$0.0321	\$0.0415
Jan-19	\$2.1791	\$0.0315	\$0.0428
Feb-19	\$2.1744	\$0.0305	\$0.0443
Mar-19	\$2.1630	\$0.0288	\$0.0456
Apr-19	\$2.1447	\$0.0271	\$0.0460
May-19	\$2.1337	\$0.0266	\$0.0472
Jun-19	\$2.1263	\$0.0255	\$0.0487
Jul-19	\$2.1235	\$0.0254	\$0.0489
Aug-19	\$2.1243	\$0.0252	\$0.0487
Sep-19	\$2.1293	\$0.0255	\$0.0493
Oct-19	\$2.1353	\$0.0257	\$0.0498

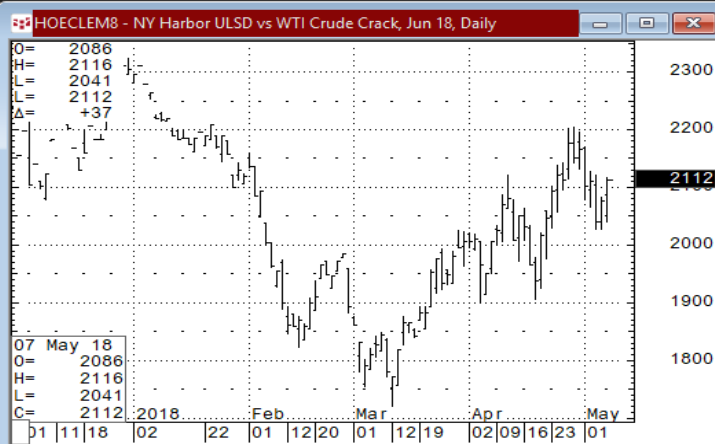
Sprague HeatCurve Oct 2018-April 2019

Other Front Month NYMEX	Close	Change
Crude - WTI	\$70.6200	\$1.0400
Crude - Brent	\$76.1700	\$1.3000
Natural Gas	\$2.7410	\$0.0300
Gasoline	\$2.1340	\$0.0200

ICE July WTI-Brent Spread



June Heating Oil Crack Spread



June RBOB Crack Spread

