

Market Commentary

Recap: Crude oil futures jumped by more than \$1 a barrel on Tuesday after it was reported that Saudi Arabia was in favor of extending cuts one to three months longer and as worldwide coronavirus restrictions continue to ease. Major producers, including Russia have said they would be willing to keep cuts set to end in June in place for one more month. July WTI gained \$1.37, or 3.9%, to settle at \$36.81 a barrel, while Brent for July delivery tacked on 3.3%, to settle at \$39.57 a barrel. July RBOB was up a fourth straight session, with a 4.8% gain to \$1.1183 a gallon and July heating oil up 6.1% at \$1.0921 a gallon, for the highest front-month contract finish since March 25.

Technical Analysis: With open interest increasing slightly as the market edges higher, traders are growing more confident. Going forward, we would look for this market to continue higher in a choppy fashion as it works its way through the gap set in July at \$37.64 - \$41.88. We expect buyers to jump in above \$40.11, the 50% retracement set by the December high of \$62.95 and the April low of \$17.27. Support is set at \$34.28, the current 10-day moving average and below that at \$33.37.

Fundamental News: Energy research firm Kpler, estimates that there was 2.06 million barrels of gasoline in floating storage on the Gulf Coast for the week ending May 31st, up from 1.06 million barrels the week earlier. The company also estimated that flows of diesel from the USGC to Europe edged up marginally during the month of May reaching 310,000 mt, but off 48% from a year earlier. S&P Global Platts warned that US ULSD exports to Europe in the coming weeks could remain restricted as American exports are forced to compete for market share with exports from India and the Arab Gulf as those refineries begin to ramp back up.

US shale oil producers are reversing production cuts as prices rebound, underscoring shale's ability to quickly adjust to pricing and posing a challenge to OPEC as it considers extending production cuts. US producers began cutting output in March as oil prices fell. However, Parsley Energy and EOG Resources disclosed plans to restore some or all of their output cuts. In North Dakota, state energy officials cut an estimate of production shut ins by 7% in the second largest US shale field. Parsley plans to restore all of the 26,000 bpd it cut earlier this year and EOG Resources said it would reopen the shut in wells and add new ones in the second half of the year. Consultancy Rystad Energy estimates US production will pare 1.3 million bpd to 1.35 million bpd in June, down from 1.65 million bpd cut it had initially expected.

Russia's Energy Ministry said the country's oil production fell to 8.59 million bpd in May. The decline in output was almost in line with Russia's pledge to cut its output, excluding gas condensate, to 8.5 million bpd in May and June under an OPEC+ global supply agreement.

Refinitiv Eikon data and internal shipping documents from PDVSA showed that Venezuela's oil exports fell in May to their lowest level since 2003 as US sanctions cut exports and two Mexican firms that had acted as intermediaries for Venezuelan crude sales stopped receiving oil. PDVSA and its joint ventures exported 451,935 bpd of crude and fuel in 18 cargoes last month. May exports fell by 50% from the average of January through April.

Early Market Call - as of 8:20 AM EDT

WTI - July \$36.66, down 15 cents
RBOB - July \$1.1053, down 1.3 cents
HO - July \$1.0729, down 1.92 cents

All NYMEX | Prior Settlements

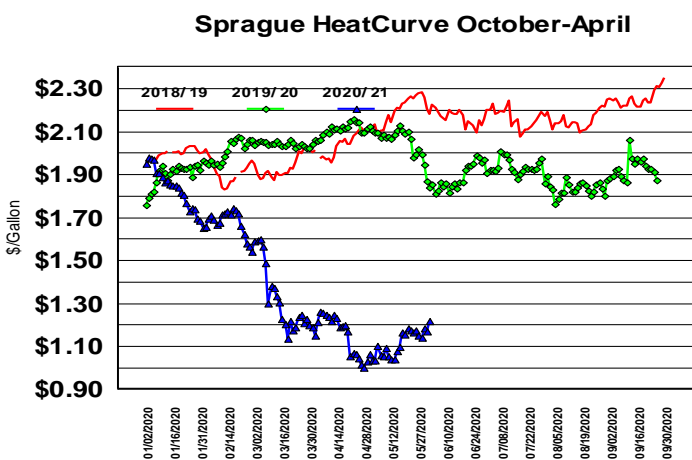
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jul-20	1.0921	0.0631	-0.0642
Aug-20	1.1184	0.0575	-0.0566
Sep-20	1.1435	0.0554	-0.0491
Oct-20	1.1650	0.0542	-0.0454
Nov-20	1.1848	0.0533	-0.0446
Dec-20	1.2013	0.0525	-0.0450
Jan-21	1.2180	0.0513	-0.0453
Feb-21	1.2330	0.0499	-0.0462
Mar-21	1.2450	0.0487	-0.0470
Apr-21	1.2506	0.0470	-0.0475
May-21	1.2576	0.0456	-0.0485
Jun-21	1.2667	0.0443	-0.0484
Jul-21	1.2832	0.0436	-0.0486
Aug-21	1.2984	0.0431	-0.0487
Sep-21	1.3109	0.0426	-0.0490
Oct-21	1.3227	0.0420	-0.0503
Nov-21	1.3322	0.0418	-0.0527

Sprague Heat Weighted Strip October -April 20/2021			\$1.2173
Other Front Month NYMEX		Close	Change
Crude - WTI	Aug Brent-	\$37.0600	\$1.2700
Crude - Brent	WTI Spread	\$39.5700	\$1.2500
Natural Gas	\$2.51	\$1.7770	\$0.0003
Gasoline		\$1.1183	\$0.0516

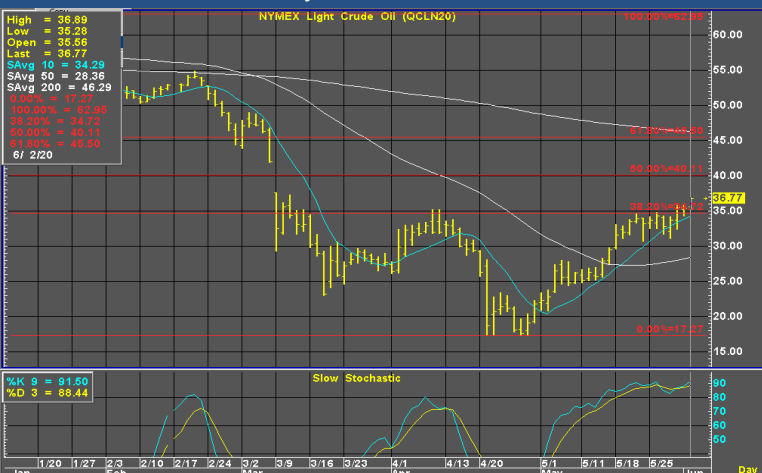
API Report for the Week Ending May 29, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 483,000 barrels	Up 3 million barrels
Cushing, OK Crude Stocks	Down 2.2 million barrels	
Gasoline Stocks	Up 1.7 million barrels	Up 1 million barrels
Distillate Stocks	Up 5.9 million barrels	Up 2.7 million barrels
Refinery Runs	Down 50,000 bpd	Up 1%
Crude Imports	Down 1.3 million bpd	

Sprague HeatCurve October-April



July WTI



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