

Market Commentary

Recap: Crude oil prices surged to a two-month high on Monday, with June WTI trading at a high of \$33.32, the highest level a spot contract traded since March 16. The rally was fueled by positive results for a Covid-19 vaccine, while major producers continue to hold back on output. WTI June delivery rose \$2.39, or 8.1%, to settle at \$31.82 a barrel. The June contract expires at Tuesday's settlement and investors have been attuned to the potential for volatility in crude prices after the May contract marked a historic traverse into subzero territory on April 20. The July which is the most-actively traded and is soon to be the front-month contract climbed \$2.13, or 7.2%, to finish the session at \$31.65 a barrel. July Brent crude gained \$2.31, or 7.1%, to settle at \$34.81 a barrel. Front-month prices, just like WTI, settled at the highest since March 11. June RBOB ended up 5.7%, to settle at \$1.0258 a gallon, while June heating oil added 9.3% to settle at \$1.0064 a gallon.

Technical Analysis: Leading technical indicators are supportive for this market, as the 10-day moving average is converging upon the 50-day moving average. These averages are set at \$26.96 and \$27.43 respectively, for the July contract. Moving oscillators are also trending higher. There is a gap between \$37.64 and \$41.88 in the July contract, and given the current technical scenario, we would look for a push to fill this gap. That being said, it will be a struggle to the upside. Resistance before the gap is set at the psychological level of \$35. To the downside, there is support set at \$30 and below that at \$27.70.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Friday, May 15th fell by 5,177,044 barrels and by 2,208,589 barrels from Tuesday, May 12th to 59,859,890 barrels.

A record volume of diesel is expected to reach Europe from the East in May after lockdown measures due to the coronavirus pandemic left refiners in Asia and the Middle East with excess volumes of fuel. Over 3 million tons of diesel are expected to arrive in Europe in May, up from a previous record of 2.8 million tons in June last year.

Kuwait's Al Rai newspaper reported that Kuwait and Saudi Arabia have agreed to halt oil production from the joint Al-Khafji field for one month, starting June 1st.

The Joint Organizations Data Initiative stated that Saudi Arabia's crude oil exports in March increased to 7.391 million bpd from 7.278 million bpd in February. Saudi Arabia's oil production in March fell by 51,000 bpd on the month to 9.733 million bpd. The country's crude stocks increased by 2.963 million barrels to 156.249 million barrels in March. Saudi Arabia's refinery crude throughput fell by 244,000 bpd to 1.068 million bpd in March.

OPEC+ has cut its oil exports sharply in the first half of May, suggesting a strong start in complying with a new production cut agreement. Kpler, a company that tracks oil flows, said OPEC+ seaborne crude oil exports fell by 6.3 million bpd over the past month towards 27 million bpd. Saudi Arabia is showing the largest cutback. Saudi oil exports have averaged 7.26 million bpd, down 2.24 million bpd on the month. Russia cut its output by 922,000 bpd in May. Also, Kuwait and the UAE loaded a combined 4.25 million bpd onto ships for export, down 1.26 million bpd on the month. Meanwhile, Petrologistics estimated that OPEC members cut crude oil exports by 4.85 million bpd in the first 14 days for May.

IIR Energy reported that US oil refiners are expected to shut in about 3.3 million bpd of capacity in the week ending May 22nd, increasing available refining capacity by 877,000 bpd from the previous week. Offline capacity is expected to fall to 2.8 million bpd in the week ending May 29th.

Early Market Call - as of 8:44 AM EDT

WTI - June \$32.53 up 71 cents

RBOB - June \$1.0385 up 1.27 cents

HO - June \$1.0070 up 6 points

All NYMEX | Prior Settlements

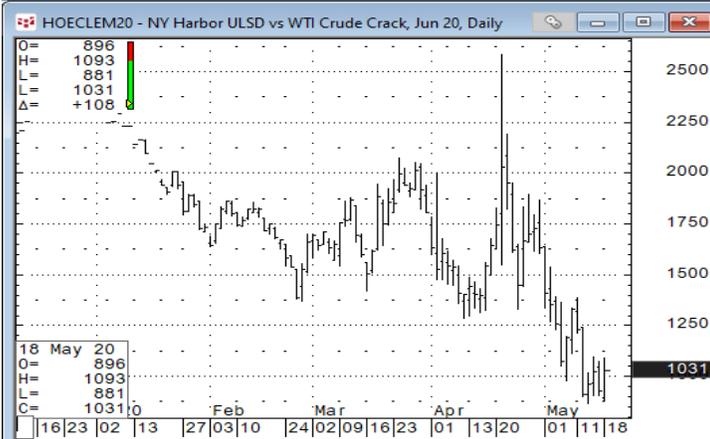
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-20	1.0064	0.0860	-0.1377
Jul-20	1.0379	0.0831	-0.1354
Aug-20	1.0664	0.0786	-0.1291
Sep-20	1.0951	0.0750	-0.1249
Oct-20	1.1182	0.0721	-0.1190
Nov-20	1.1362	0.0700	-0.1147
Dec-20	1.1499	0.0690	-0.1135
Jan-21	1.1642	0.0684	-0.1125
Feb-21	1.1761	0.0674	-0.1113
Mar-21	1.1850	0.0664	-0.1098
Apr-21	1.1900	0.0652	-0.1089
May-21	1.1991	0.0643	-0.1054
Jun-21	1.2099	0.0632	-0.1022
Jul-21	1.2271	0.0621	-0.1003
Aug-21	1.2431	0.0612	-0.0988
Sep-21	1.2560	0.0605	-0.0979
Oct-21	1.2668	0.0601	-0.0970

Sprague Heat Weighted Strip October -April 20/2021		Close	Change
Crude - WTI	June Brent-	\$31.6500	\$2.1300
Crude - Brent	WTI Spread	\$34.8100	\$2.3100
Natural Gas	\$3.16	\$1.7830	\$0.1370
Gasoline		\$1.0258	\$0.0556

ICE July Brent-WTI Spread



June Heating Oil Crack Spread



June RBOB Crack Spread

