

Market Commentary

Recap: Oil futures extended gains on Friday, as optimistic expectations for crude demand help set prices up for a weekly gain of around 5%. OPEC+ supply discipline and recovering demand countered concerns about a patchy COVID-19 vaccination rollout around the globe. Adding to the up move is the lack of progress in negotiations between the U.S. and Iran. Gains were extended after U.S. showed non-farm payrolls increased by 559,000 jobs in May. This weakened the dollar, which in turn bolstered dollar denominated commodities. July WTI added 81 cents, or 1.2%, to settle at \$69.62 a barrel, while August Brent rose 58 cents, or 0.81%, to settle at \$71.89 a barrel. This marked the second weekly gain for both WTI and Brent. RBOB for July delivery posted a weekly gain of 7.46 cents, the largest one-week gain since the week ending April 16, 2021 and the second straight week of gains. This was the longest winning streak since Wednesday, May 12, 2021 when the market rose for four straight sessions. Year-to-date, RBOB is up 80.31 cents, or 57.02%. July heating oil finished the week at \$2.1199 a gallon, up .0102 cents.

Technical Analysis: Most of the important fundamentals are bullish; however, there are some concerns over the slow pace of global vaccinations, API and EIA gasoline inventory builds and the possibility of a surprise deal between the U.S. and Iran. Any one of these could prompt some profit-taking and lightening up of positions, but we do not think prices will be driven to the point of a shift in the trend of this market. Some of the weaker bulls will use the news as an excuse to get out of their long positions. Most bullish traders agree that these are short-term factors that should eventually be offset by long-term demand advances. July WTI is holding close to the upper Bollinger band basis a 2 standard deviation and despite having breached it, it has yet to settle above this band. The slow stochastics are still trending upward in the upper limit of overbought territory. At this point, we would not discount a shake out to the downside but would expect to see buyers down below. Resistance is set at \$70, with additional resistance set at \$71.80. Support is set at \$66.76 and below that at \$65.

Fundamental News: Baker Hughes reported that the U.S. oil and gas rig count fell by one to 456 in the week ending June 4th. U.S. oil rigs were steady at 359 this week, after rising for four consecutive weeks. Gas rigs fell one to 97, also falling for a fourth straight week.

The head of energy research at Goldman Sachs, Damien Courvalin, said a nuclear deal between the U.S. and Iran could send energy prices higher, even if it means more supply in the oil markets.

Refinitiv data showed diesel exports from the U.S. Gulf Coast to Europe reached 195,000 tons in May, up from 145,000 tons in April. June imports on the transatlantic route are currently set at 130,000 tons.

According to Bloomberg's ship-tracking data, there are 30 supertankers bound for the U.S. in the next 3 months, up 5 from last week. The number of tankers bound for the U.S. increased to the highest level in a year as refineries increased their processing rates to pre-pandemic levels.

Russian Deputy Prime Minister, Alexander Novak, said Russia's compliance with the OPEC+ oil output deal was at close to 100% last month. He said compliance in May was "much better" than in April. According to OPEC, Russia's compliance in April was at 91%.

Global oil trading companies are increasing jet fuel exports from Asia to Europe and the United States, as widespread anti-coronavirus vaccinations and relatively lower infection rates allow commercial travel to resume faster in Western countries. Asia exported about 417,000 bpd of jet fuel to Europe and North America combined in April-May, nearly 32% higher than 316,000 bpd for February-March period.

Early Market Call - as of 8:30 AM EDT

WTI - July \$69.42, down 20 cents

RBOB - July \$2.2026, down 89 points

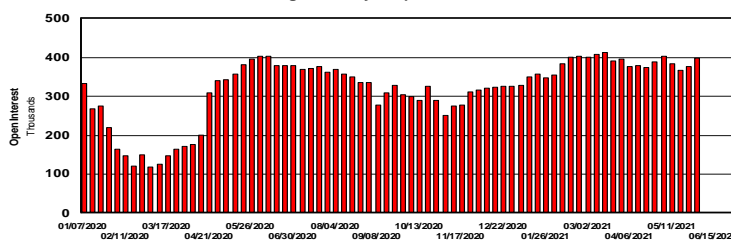
HO - July \$2.1165, down 34 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-21	\$2.1199	\$0.0182	\$0.0816
Aug-21	\$2.1222	\$0.0180	\$0.0828
Sep-21	\$2.1248	\$0.0177	\$0.0839
Oct-21	\$2.1261	\$0.0175	\$0.0843
Nov-21	\$2.1262	\$0.0174	\$0.0845
Dec-21	\$2.1250	\$0.0172	\$0.0845
Jan-22	\$2.1228	\$0.0170	\$0.0841
Feb-22	\$2.1164	\$0.0168	\$0.0833
Mar-22	\$2.1055	\$0.0167	\$0.0824
Apr-22	\$2.0903	\$0.0164	\$0.0810
May-22	\$2.0803	\$0.0160	\$0.0790
Jun-22	\$2.0720	\$0.0158	\$0.0765
Jul-22	\$2.0700	\$0.0155	\$0.0757
Aug-22	\$2.0688	\$0.0152	\$0.0749
Sep-22	\$2.0680	\$0.0149	\$0.0741
Oct-22	\$2.0674	\$0.0146	\$0.0724
Nov-22	\$2.0670	\$0.0143	\$0.0713

Sprague HeatCurve October 2021-April 2022		\$2.1171
	Close	Change
Crude - WTI	\$69.3900	\$0.7900
Crude - Brent	\$71.8900	\$0.5800
Natural Gas	\$3.0970	\$0.0560
Gasoline	\$2.2115	\$0.0097

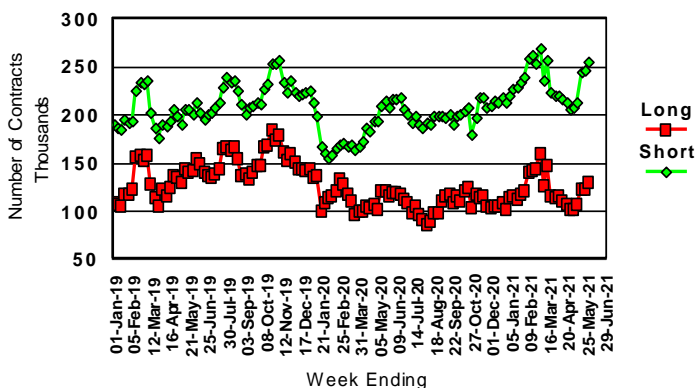
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending June 1, 2021

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

