

Market Commentary

Recap: The oil market on Thursday posted an inside trading day as the market awaits the outcome of the debt ceiling negotiations. Early in the session, the market posted a high of \$72.87 before it found some selling pressure amid the strength the dollar and increasing expectations that the Federal Reserve could increase interest rates again at its June meeting. The strength in the dollar came from lower than expected initial jobless claims and optimism about a possible U.S. debt ceiling deal. Meanwhile, Dallas Federal Reserve President, Lorie Logan, said she is concerned that inflation is not falling fast enough to allow the Fed to halt its interest rate hike campaign in June. The crude market retraced more than 50% of its previous gains as it traded to \$71.42 ahead of the close. The June WTI contract settled down 97 cents at \$71.86 and the July Brent contract settled down \$1.10 at \$75.86. The product markets settled in negative territory, with the heating oil market settling down 2 cents at \$2.4026 and the RB market settling down 9 points at \$2.5683.

Technical Analysis: The crude market is still seen trading within its recent trading range we previously mentioned from \$68.50 to \$74.00. The market will continue to be driven by any economic news, with the market awaiting for updates on the debt ceiling talks. The oil market is seen finding resistance at \$72.00, its high of \$72.87, \$73.26 and \$73.89. More distant upside is seen at \$76.69, \$76.92 and \$77.93. However, support is seen at its low of \$71.42, \$71.00, \$70.04 followed by \$69.41, \$68.77, \$68.48 and \$67.56.

Fundamental News: Vice President Kamala Harris and President Joe Biden's top economic adviser, Lael Brainard, said that a U.S. debt default would throw the U.S. economy into a recession. Meanwhile, U.S. House Speaker, Kevin McCarthy and Senate Majority Leader, Chuck Schumer, are making plans for votes in the coming days on a bipartisan deal to avoid a U.S. debt default. The House Speaker said the negotiators on the federal debt limit may reach an agreement in principle as soon as this week. He said the House will need to vote by next week on any compromise produced by the negotiators. Senator Chuck Schumer said the Senate would take up the legislation after House passage. He said that lawmakers should be ready to return to Washington on 24-hours' notice during next week's recess, as debt ceiling talks make progress towards a possible deal to avoid default. Bloomberg said that in a scenario where a default is avoided a short, mild recession currently expected becomes a deeper one, with an annualized GDP decline of 1.8% in the second half of 2023. The unemployment rate increases to 5.3% by mid-2024. If the Treasury is forced to cut spending to service debt, a conservative estimate would put the GDP decline at 8%.

The EPA said the U.S. generated 603 million biodiesel (D4) blending credits in April, down from 619 million credits in March. It also reported that the U.S. generated 1.16 billion ethanol (D6) blending credits in April, down from 1.22 billion in March.

Colonial Pipeline Co is allocating space for Cycle 31 on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina. The current allocation is for the pipeline segment north of Collins, Mississippi.

The International Energy Forum said, citing data from the Joint Organizations Data Initiative that Saudi Arabia's crude oil exports in March increased by 65,000 bpd to 7.52 million bpd from 7.455 million bpd in February. Saudi Arabia's crude oil production in March increased by 14,000 bpd to 10.46 million bpd.

Early Market Call - as of 8:25 AM EDT

WTI - June \$73.12, up \$1.26

RBOB - June \$2.6092, up 4.09 cents

HO - June \$2.4362, up 3.36 cents

All NYMEX | Prior Settlements

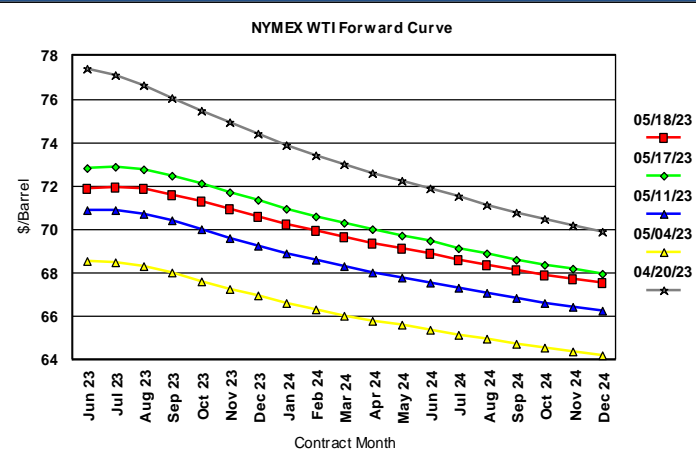
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-23	2.4026	-0.0200	0.0531
Jul-23	2.3854	-0.0221	0.0424
Aug-23	2.3825	-0.0234	0.0366
Sep-23	2.3864	-0.0232	0.0340
Oct-23	2.3894	-0.0226	0.0312
Nov-23	2.3876	-0.0225	0.0284
Dec-23	2.3825	-0.0226	0.0265
Jan-24	2.3801	-0.0232	0.0235
Feb-24	2.3741	-0.0240	0.0208
Mar-24	2.3624	-0.0242	0.0191
Apr-24	2.3439	-0.0237	0.0180
May-24	2.3342	-0.0214	0.0184
Jun-24	2.3273	-0.0196	0.0191
Jul-24	2.3243	-0.0185	0.0193
Aug-24	2.3218	-0.0175	0.0193
Sep-24	2.3200	-0.0164	0.0194
Oct-24	2.3189	-0.0154	0.0204

Sprague HeatCurve October 2023-April 2024			\$2.3750
		Close	Change
Crude - WTI	July Brent-WTI Spread \$3.92	\$71.9400	-\$0.9500
Crude - Brent		\$75.8600	-\$1.1000
Natural Gas		\$2.5920	\$0.2270
Gasoline		\$2.5683	-\$0.0009

EIA Working Gas Storage Report

	12-May-23	05-May-23	Change	12-May-22
East	458	422	36	293
Midwest	520	497	23	361
Mountain	112	104	8	102
Pacific	127	114	13	186
South Central	1023	1002	21	776
Salt	290	287	3	250
Nonsalt	734	715	19	528
Total	2240	2141	99	1,719

WTI Forward Curve



ICE July Brent-WTI Spread

