

Market Commentary

Recap: Oil futures fell hard on Monday, marking the largest one-day percentage drop since March 31. Crude oil prices plummeted on news that Saudi Arabia lowered the official selling price of their crude oil by the most ever, as COVID lockdowns in China continued to eat away at demand and as the U.S. dollar hit a three-year high. Oil prices are still succumbing to pressure after the U.S. Federal Reserve raised its interest rate, raising concern about demand. West Texas Intermediate crude for June delivery dropped \$6.68, or 6.1%, to end at \$103.09 a barrel. June Brent settled at \$105.94 a barrel, down \$6.45, 5.74%. Heating oil for June delivery lost 11.94 cents per gallon, or 3.02% to \$3.8349, while June RBOB lost 11.71 cents per gallon, or 3.12% to \$3.6419.

Technical Analysis: WTI breached support provided by the 10-day moving average, only to find support at \$102.06, the current 50-day moving average. In the past, this technical indicator was a strong level of support and we would not be surprised to see buyers hanging out at this level. That being said, this market appears to be settled within the sideways pattern that began in the middle of March. As a result and barring any market jarring fresh fundamentals, we would look for the sideways pattern to continue.

Fundamental News: The exports of gasoline from northwest Europe to the U.S. were estimated to be around 282,000 tons this week, slightly lower than the previous week.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said that the gap between crude oil prices and prices for jet fuel, diesel and gasoline is around 60% in some cases because of the lack of refining capacity. Speaking at an aviation summit in Riyadh, he said the world needed to look at energy security, sustainability and affordability as a whole.

An EU source said the European Commission is considering offering landlocked eastern European Union states more money to upgrade oil infrastructure in a bid to convince them to agree to an embargo on Russian oil. Separately, European Commission President, Ursula von der Leyen, said she had made progress in talks with Hungarian Prime Minister, Viktor Orban, on a possible EU-wide ban on Russian fossil fuels. She said she would convene a video conference with other countries in the region to strengthen regional cooperation on oil infrastructure.

IIR Energy reported that U.S. oil refiners are expected to shut in about 946,000 bpd of capacity in the week ending May 13th, increasing available refining capacity by 109,000 bpd. Offline capacity is expected to decline to 729,000 bpd in the week ending May 20th.

Venezuela's PDVSA has started importing Iranian heavy crude to feed its domestic refineries, a deal that widens a swap agreement signed by both countries last year.

Early Market Call - as of 8:20 AM EDT

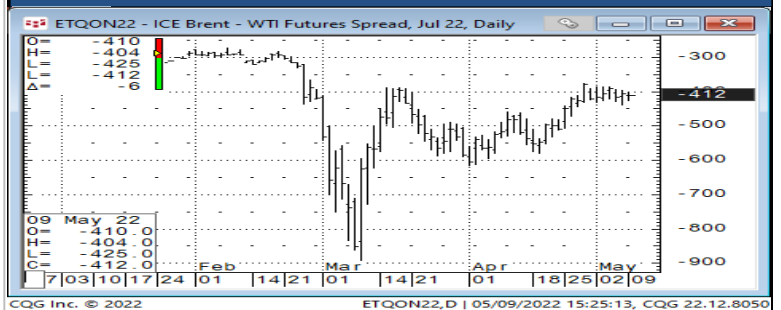
WTI - June \$102.50, down 60 cents
 RBOB - June \$3.6070, down 3.36 cents
 HO - June \$3.8676, up 3.43 cents

All NYMEX | Prior Settlements

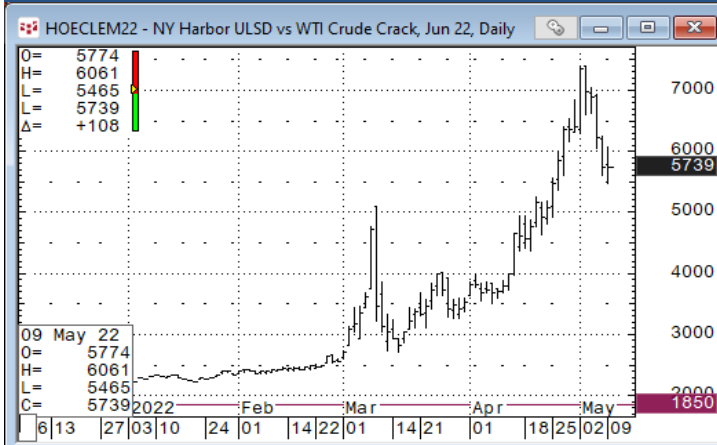
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-22	3.8349	-0.1194	-0.3700
Jul-22	3.6539	-0.1349	-0.1775
Aug-22	3.5328	-0.1369	-0.0771
Sep-22	3.4618	-0.1319	-0.1481
Oct-22	3.3967	-0.1259	-0.0123
Nov-22	3.3314	-0.1189	0.0024
Dec-22	3.2651	-0.1113	0.0109
Jan-23	3.2112	-0.1045	0.0122
Feb-23	3.1525	-0.0997	0.0071
Mar-23	3.0869	-0.0990	-0.0034
Apr-23	3.0146	-0.1035	-0.0176
May-23	2.9560	-0.1062	-0.0269
Jun-23	2.9125	-0.1081	-0.0292
Jul-23	2.8830	-0.1077	-0.0335
Aug-23	2.8610	-0.1061	-0.0348
Sep-23	2.8413	-0.1054	-0.0372
Oct-23	2.8244	-0.1028	-0.0378

Sprague HeatCurve October 2022-April 2023		\$3.2003
	Close	Change
Crude - WTI	\$101.7700	-\$6.5600
Crude - Brent	\$105.9400	-\$6.4500
Natural Gas	\$7.0260	-\$1.0170
Gasoline	\$3.6419	-\$0.1171

ICE July Brent-WTI Spread



June Heating Oil Crack Spread



June RBOB Crack Spread

