

## Market Commentary

**Recap:** The oil market on Wednesday continued to trend higher following a large unexpected draw in crude oil stocks and a warning from the Saudi Energy Minister on Tuesday that raised the prospect of further OPEC+ production cuts. The market traded higher overnight following the API report showing a draw of 6.8 million barrels late Tuesday afternoon. The market continued on its upward trend and rallied to a high of \$74.73, breaching its two-week trading range, following the release of the EIA weekly petroleum stock report showing a larger than expected draw of over 12 million barrels on the week. The market later erased some of its gains and sold off to a low of \$73.13 early in the afternoon. However, the oil market bounced off its low and rallied back over the \$74.00 level ahead of the close. The July WTI contract settled up \$1.43 at \$74.34 and the July Brent contract settled up \$1.52 at \$78.36. The product markets ended the session in positive territory, with the heating oil market settling up 5.2 cents at \$2.4137 and the RB market settling up 5.9 cents at \$2.7212.

**Technical Analysis:** The oil market on Thursday will likely erase some of its gains as it awaits for further developments on the debt ceiling negotiations. However, its losses will be limited amid the draws reported in oil stocks and the prospect of a further OPEC+ production cut. The market is seen finding resistance at its high of \$74.73, \$75.93, \$76.11 followed by \$76.69, \$76.92 and \$77.93. Meanwhile, support is seen at \$73.13 followed by \$71.71, \$70.55, \$70.04 and \$69.41.

**Fundamental News:** The EIA reported that U.S. crude oil and distillate inventories fell unexpectedly last week, while gasoline stockpiles declined more than forecast. Crude inventories fell by 12.5 million barrels in the week ending May 19<sup>th</sup> to 455.2 million barrels, ahead of the Memorial Day weekend holiday. The EIA also reported that crude oil stocks in the SPR fell by 1.6 million barrels on the week to 358 million barrels, the lowest level since September 1983. U.S. distillate fuel stocks fell by 561,000 barrels in the week ending May 19<sup>th</sup> to 105.7 million barrels, its lowest level in a year. Stocks in the Midwest fell to 24.1 million barrels, its lowest level since December 2020.

Russia's Energy Minister, Nikolai Shulginov, said Russia is considering restricting its exports of gasoline and will propose such a measure if needed. However, he said that retail prices were stable and that Russia was not looking at a ban on exports. Meanwhile President Putin said Wednesday that energy prices were approaching "economically justified" levels and that Russia was continuing to meet its commitments on energy supplies.

Rystad Energy noted that almost 2.7 million b/d of Alberta's daily oil sands production are now in zones with "very high" or "extreme" wildfire danger.

India's oil minister noted that it sees some OPEC+ countries have not cut output as earlier agreed upon.

According to minutes of the Federal Reserve's May 2<sup>nd</sup>-3<sup>rd</sup> meeting, Federal Reserve officials "generally agreed" that the need for further interest rate increases "had become less certain," with several saying that the quarter-percentage-point increase they approved might be the last. Others cautioned the U.S. central bank needed to keep its options open given the risks of persistent inflation.

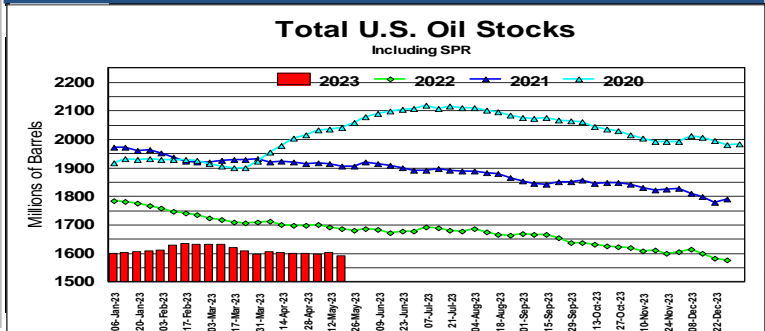
**Early Market Call - as of 7:50 AM EDT**

WTI - July \$72.90, down \$1.44  
 RBOB - June \$2.6701, down 5.11 cents  
 HO - June \$2.3750, down 3.87 cents

## All NYMEX | Prior Settlements

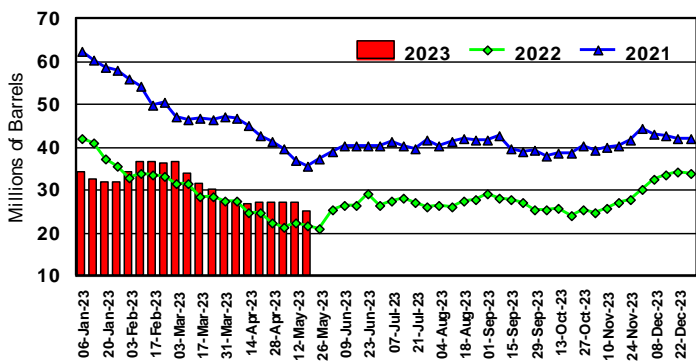
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-23	2.4137	0.0520	-0.0089
Jul-23	2.4019	0.0494	-0.0056
Aug-23	2.4024	0.0477	-0.0035
Sep-23	2.4097	0.0473	0.0001
Oct-23	2.4138	0.0458	0.0018
Nov-23	2.4134	0.0444	0.0033
Dec-23	2.4094	0.0434	0.0043
Jan-24	2.4090	0.0431	0.0057
Feb-24	2.4034	0.0417	0.0053
Mar-24	2.3911	0.0400	0.0045
Apr-24	2.3720	0.0390	0.0044
May-24	2.3614	0.0383	0.0058
Jun-24	2.3532	0.0377	0.0063
Jul-24	2.3480	0.0366	0.0052
Aug-24	2.3441	0.0356	0.0048
Sep-24	2.3415	0.0348	0.0051
Oct-24	2.3403	0.0341	0.0060

Sprague HeatCurve October 2023-April 2024		\$2.4029
	Close	Change
Crude - WTI	\$74.3400	\$1.4300
Crude - Brent	\$78.3600	\$1.5200
Natural Gas	\$2.3980	\$0.0770
Gasoline	\$2.7212	\$0.0590



## Weekly EIA Petroleum Status Report for the Week Ending May 19, 2023

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 12.456 million barrels  
 Cushing, OK Crude Stocks Up 1.762 million barrels  
**Gasoline Stocks** Down 2.053 million barrels  
**Distillate Stocks** Down 561,000 million barrels  
**Refinery % Operated** 91.7%, down 0.3%

### PADD #1

	Week Ending May 19, 2023	Week Ending May 12, 2023	Week Ending May 20, 2022
Distillate Stocks (in million bbl)	3.5	3.1	2.9
Central Atlantic	11.5	12.3	8.5
Total PADD #1	25.1	27.1	21.6
Distillate Imports (thousands b/d)	98	109	30