

Market Commentary

Recap: Oil prices rose as much as 1.5 percent after the EIA released its report showing a draw of 3.96 million barrels in U.S. crude oil inventories. Analysts had expected an increase of 1.2 million barrels. June WTI rose 97 cents, to a session high of \$62.37, by 11:24 a.m. EDT, while July Brent rose 82 cents, to \$70.70 a barrel. Prices remain caught in the middle of trade wars between the U.S. and China, supply cuts from OPEC and other major producers, and U.S. sanctions against Iran and Venezuela. Gains were pared, with June WTI settling at \$62.12 a barrel, up 12 cents or 1.2 percent, while July Brent added 49 cents, or 0.7 percent, to settle at \$70.37 a barrel. June WTI rose 1.4% to \$1.975 a gallon and June heating oil added 0.9% to \$2.056 a gallon.

Technical Analysis: Technical traders did not get the move in WTI that they had hoped for, as June crude failed to settle below the bottom trend line on the ascending channel it broke out of on Tuesday. Coming into Thursday's session, we would look for a run at \$62.80, the current 10-day moving average. Above that, additional resistance is at \$63.29. Support is set at \$61.53 and \$61.14, the 200 and 50-day moving averages, respectively.

Fundamental News: According to Platts cFlow, about 546,000 metric tons of middle distillates from the US Gulf Coast has been scheduled to arrive into Europe in May, including 446,000 metric tons bound for Northwest Europe and 100,000 metric tons bound for the Mediterranean. In April, about 770,000 metric tons of middle distillates made their way to Europe from the US Gulf Coast.

Iran has informed ambassadors from the UK, France, Germany, China and Russia of its decision to stop implementing "some commitments" under the 2015 nuclear deal. A letter from President Hassan Rouhani was delivered to envoys of the countries that are still committed to the deal despite the unilateral decision by the US to withdraw from the deal last year. Iran's President said that Iran would halt the sales of excess enriched uranium and heavy water to other countries. The sales used to keep Iran's own stockpiles below caps set under the deal. He also threatened that in 60 days Iran would resume its enrichment of uranium beyond the low level permitted under the deal, unless the five other powers found a way to protect Iran's oil and banking industry from US sanctions. Separately, Iran's Foreign Minister, Mohammad Javad Zarif, said Iran could guarantee the continued survival of the accord if the pact's European signatories fulfill their obligations. He said Iran's decision to scale back some curbs to its nuclear program was legal and reversible. France's Defense Minister said she wanted to keep the deal alive and added that Iran could face more sanctions if it did not honor it. Britain said Iran would face consequences if it backed away from its nuclear deal. Germany regrets statements made by the Iranian government and urged Iran not to take any aggressive steps. Meanwhile, the Kremlin blamed the US for provoking Iran's move. Russia's Foreign Minister, Sergei Lavrov, said Russia expects the nuclear deal's European signatories to fulfill their obligations under the pact. China said the agreement should be implemented and called on all sides to avoid an escalation of tensions.

A senior US diplomat said the US will not grant any more waivers to any countries that would allow them to buy Iranian oil without facing US sanctions.

Azerbaijan's Oil Minister said Saudi Arabia gave assurances to Azerbaijan that it would not take any unilateral decisions on the global oil deal between OPEC and its allies until June.

IIR Energy reported that US oil refiners are expected to shut in about 1.04 million bpd of capacity in the week ending May 10th, increasing the available refining capacity by 122,000 bpd from the previous week. The offline capacity is expected to fall to 685,000 bpd in the week ending May 17th.

Early Market Call - as of 8:40 AM EDT

WTI - June \$61.96, down 16 cents

ROBO - June \$1.9828, up 77 points

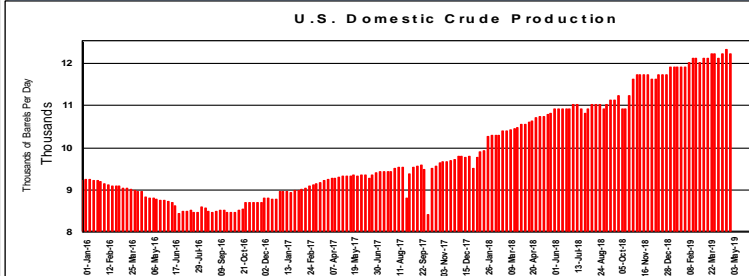
HO - June \$2.0531, down 29 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-19	\$2.0562	\$0.0186	-\$0.0380
Jul-19	\$2.0573	\$0.0178	-\$0.0397
Aug-19	\$2.0619	\$0.0176	-\$0.0399
Sep-19	\$2.0698	\$0.0172	-\$0.0400
Oct-19	\$2.0777	\$0.0170	-\$0.0405
Nov-19	\$2.0849	\$0.0173	-\$0.0401
Dec-19	\$2.0899	\$0.0174	-\$0.0400
Jan-20	\$2.0931	\$0.0174	-\$0.0396
Feb-20	\$2.0890	\$0.0173	-\$0.0394
Mar-20	\$2.0784	\$0.0169	-\$0.0400
Apr-20	\$2.0625	\$0.0163	-\$0.0404
May-20	\$2.0513	\$0.0158	-\$0.0402
Jun-20	\$2.0429	\$0.0150	-\$0.0403
Jul-20	\$2.0385	\$0.0151	-\$0.0395
Aug-20	\$2.0347	\$0.0151	-\$0.0389
Sep-20	\$2.0319	\$0.0152	-\$0.0383
Oct-20	\$2.0304	\$0.0150	-\$0.0379

Sprague HeatCurve Oct 2019-Apr 2020 \$2.0848

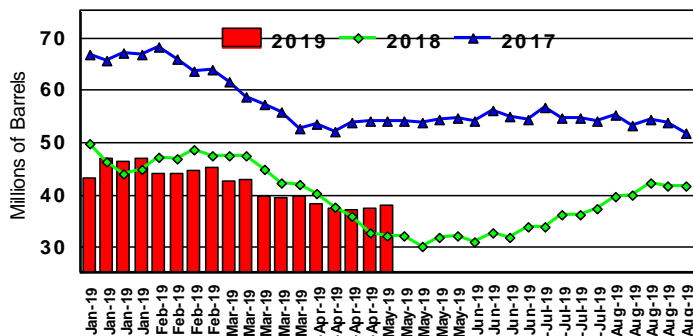
Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-	\$62.2200	\$0.7100
Crude - Brent	WTI Spread	\$70.3700	\$0.4900
Natural Gas	\$8.15	\$2.6100	\$0.0730
Gasoline		\$1.9750	\$0.0263



Weekly EIA Petroleum Status Report for the Week Ending May 3, 2019

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 3.963 million barrels

Cushing, OK Crude Stocks Up 821,000 barrels

Gasoline Stocks Down 596,000 barrels

Distillate Stocks Down 159,000 barrels

Refinery % Operated 88.9%, Down 0.3%

PADD #1

Distillate Stocks (in million bbls)	Week Ending May 3, 2019	Week Ending Apr 26, 2019	Week Ending May 4, 2018
New England	5.0	5.5	4.5
Central Atlantic	21.1	20.5	16.8
Total PADD #1	38.0	37.2	32.1
Distillate Imports (thousands b/d)	75	16	83