

Market Commentary

All NYMEX | Prior Settlements

Recap: After jumping to their highest level in almost three years, RBOB futures peeled early gains to trade in negative territory, after Colonial Pipeline said Sunday evening that some of its smaller lateral lines between terminals and delivery points are once again online following a cyberattack which occurred late Friday night. In overnight trading, the June21 RBOB contract jumped to a high of \$2.216, gaining 4%. This is the highest level for a front month since May 2018. Heating oil futures also shed early gains. The pipeline outage comes as Americans are beginning to travel again as restrictions are lifted and the Covid vaccination rollout accelerates. June RBOB added .0065 cents, to settle at \$2.1334 per gallon, with June heating oil tacking on .0060 cents, to settle at \$2.0166 per gallon.

Oil futures erased early gains to spend the bulk of the session teetering around unchanged in response to the aforementioned news. Traders turned their attention back to COVID-19 and its impact on demand. In April, demand in India declined as the virus rapidly spread during a second wave. Overall fuel demand is down by about 7 percent from the pre-COVID level of April 2019. Meanwhile, Asian buying can be expected after Saudi Arabia's state energy firm, Saudi Aramco, cut its June pricing for Asia by between 10 and 30 cents per barrel. This may also suggest that producers are concerned about the rise in COVID-19 infections and its impact on demand. We would expect demand concerns to remain at the forefront if the current second wave is not controlled quickly. June WTI settled at \$64.92 a barrel, up 2 cents, or 0.03%, while June Brent added 4 cents, or 0.06%, to close at \$68.32 a barrel.

Technical Analysis: Once again, WTI pulled back from the \$65 level as it remains within the ascending channel. Other than the Colonial Pipeline news, there isn't any major shift in the underlying fundamentals to warrant a distinct move in either direction. With this in mind, we will stick with our viewpoint that this market will continue to struggle to the upside, with bottom fisher lurking down below. There is plenty of support down around the 50-day moving average, which has been holding close to \$62.27, the top of a previous area of congestion. A break below this level puts this market in position to test the \$60.60 level. Above \$65, additional resistance is set at \$66.74 and above that \$67.98.

Fundamental News: IIR Energy reported that U.S. oil refiners are expected to shut in 683,000 bpd of capacity in the week ending May 14th, increasing available refining capacity by 53,000 bpd from the previous week. Offline capacity is expected to fall to 448,000 bpd in the week ending May 21st.

The U.S. government and Colonial Pipeline worked to secure the network that transports nearly half of the East Coast's supplies as a shutdown to halt a ransomware cyberattack entered its fourth day. Colonial Pipeline said its main fuel lines remain offline on Sunday after a cyberattack forced the system to shut, but some smaller lines between terminals and delivery points are now operational. Colonial Pipeline expects to "substantially" restore operational service by the end of the week. Meanwhile, U.S. Commerce Secretary, Gina Raimondo, said Washington was working to avoid more severe fuel supply disruptions and to help Colonial restart its more than 5,500-mile pipeline network from Texas to New Jersey as quickly as possible. Colonial transports roughly 2.5 million bpd of gasoline and other fuels from refiners on the Gulf Coast to consumers in the mid-Atlantic and southeastern United States.

Traders provisionally booked at least six tankers to ship gasoline from Europe to U.S. destinations following a cyberattack that shut the Colonial Pipeline.

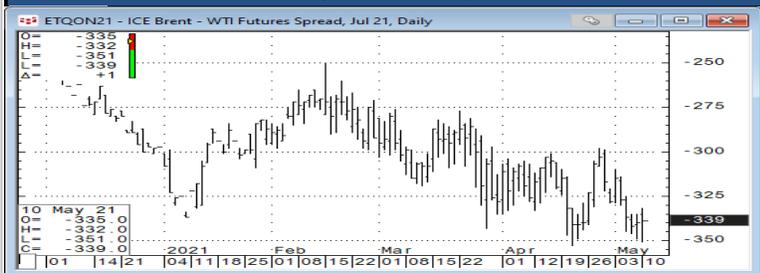
Early Market Call - as of 8:55 AM EDT

WTI - June \$64.05, down 91 cents
 RBOB - June \$2.1151, down 1.78 cents
 HO - June \$2.0029, down 1.41 cents

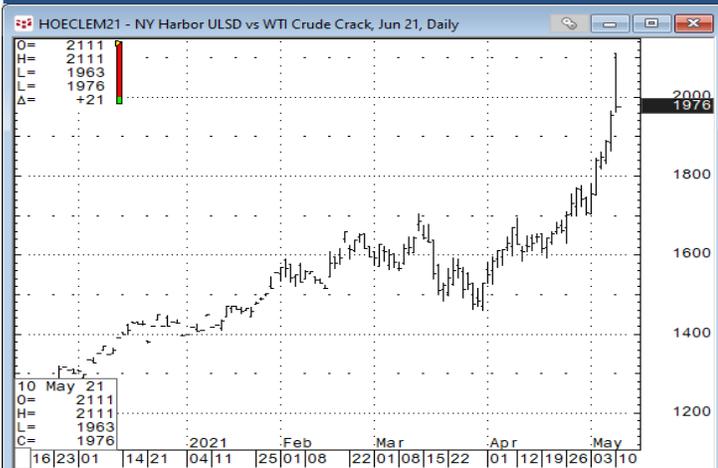
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-21	\$ 2.0166	\$ 0.0060	\$ 0.0647
Jul-21	\$ 2.0162	\$ 0.0044	\$ 0.0625
Aug-21	\$ 2.0176	\$ 0.0046	\$ 0.0620
Sep-21	\$ 2.0208	\$ 0.0047	\$ 0.0614
Oct-21	\$ 2.0230	\$ 0.0046	\$ 0.0608
Nov-21	\$ 2.0246	\$ 0.0047	\$ 0.0607
Dec-21	\$ 2.0246	\$ 0.0050	\$ 0.0608
Jan-22	\$ 2.0252	\$ 0.0052	\$ 0.0608
Feb-22	\$ 2.0219	\$ 0.0052	\$ 0.0606
Mar-22	\$ 2.0143	\$ 0.0053	\$ 0.0604
Apr-22	\$ 2.0024	\$ 0.0054	\$ 0.0600
May-22	\$ 1.9959	\$ 0.0054	\$ 0.0596
Jun-22	\$ 1.9910	\$ 0.0054	\$ 0.0587
Jul-22	\$ 1.9905	\$ 0.0055	\$ 0.0585
Aug-22	\$ 1.9903	\$ 0.0059	\$ 0.0586
Sep-22	\$ 1.9910	\$ 0.0063	\$ 0.0593
Oct-22	\$ 1.9921	\$ 0.0067	\$ 0.0590

Sprague HeatCurve October 2021-April 2022			\$2.0206
		Close	Change
Crude - WTI	July Brent-	\$64.9300	\$0.0500
Crude - Brent	WTI Spread	\$68.3200	\$0.0400
Natural Gas	\$3.39	\$2.9320	-\$0.0260
Gasoline		\$2.1334	\$0.0065

ICE July Brent-WTI Spread



June Heating Oil Crack Spread



June RBOB Crack Spread

