

Market Commentary

Recap: Oil prices fell as much as 2% on Wednesday as the EIA reported an unexpected build in U.S. crude oil inventories. According to the report, U.S. crude oil inventories grew by 4.7 million barrels in the week ending May 17, to their highest level in almost 2 years. Analysts were looking for a decrease of 599,000 barrels. Adding to the bearishness of the report is the fact that the U.S. summer driving season is approaching and U.S gasoline stockpiles increased by 3.7 million barrels, far different from the expected 816,000 barrel decrease. July Brent fell \$1.76, or 2.4%, to a session low of \$70.42 a barrel by 12:51 EDT, while July WTI shed \$2.10, or 3.3%, touching down at \$61.03 a barrel. Some losses were recouped, with July Brent settling at \$70.99 a barrel, down \$1.19, or 1.65%, while July WTI fell \$1.71, or 2.71%, to settle at \$61.42 a barrel. June RBOB fell 2.8 cents, or 1.4%, to \$1.991 a gallon, while June heating oil lost 3 cents, or 1.5%, to \$2.049 a gallon.

Technical Analysis: Technically, WTI is at a crucial point. Wednesday's activity forced a crossing of the 10-day moving average below that of the 50-day moving average, while at the same time it closed below the upward trend line on the symmetrical triangle we have been watching. That being said, slow stochastics have not crossed to the downside and previous down moves have lacked follow through. This, in conjunction with the fact that the U.S. 3-day Memorial Day weekend is upon us, leaves us skeptical that we will see further down side movement. Not to mention a lack of fresh fundamentals. We remain of the mindset that this market is still range bound between \$60.00 and \$65.00. Resistance is set at \$61.88 and above that at \$62.42. Support is set at \$61.00 and \$60.00.

Fundamental News: Rystad Energy said lower 48 explorers are on track to increase oil production by 16% this year, with growth of about 1.1-1.2 million bpd.

S&P Global Platts reported that Saudi Arabia is expected to hold production steady in May and June. Its crude burn is set to increase to 491,000 bpd in July on air conditioning demand. Saudi Arabia's seasonal increase in domestic oil consumption to fuel power plants comes as the country is under increasing US pressure to keep a lid on prices but also wants to rein in production to deplete global inventories.

A senior Iraqi oil official said that Iraq will increase production at its West Qurna 1 oilfield to 490,000 bpd in the next few days. Basra Oil Co chief, Ihsan Abdul Jabbar, said the West Qurna 1 oilfield currently produces about 440,000 bpd.

Norway's Petroleum Directorate stated that the country's oil production in April fell 8.8% on the year to 1.38 million bpd, lagging the official forecast for the month by 0.6%.

Russia's Energy Ministry said clean crude was moving via the Druzhba pipeline towards the border of Hungary and Slovakia and was expected to reach the metering stations there within a week.

Colombia's Ecopetrol said its crude exports to the US increased nearly 25% in the first quarter because of lower supply from Venezuela and higher production. The four week average for crude imports from Colombia increased to the highest levels in a year to about 431,000 bpd. Sales to the US increased to 195,600 bpd in the first quarter from 157,100 bpd in the first quarter last year. About 12.3 million barrels of Colombian crude arrived in the US in April. Arrivals in May are expected to total 9.4 million barrels.

IIR Energy reported that US oil refiners are expected to shut in 600,000 bpd of capacity in the week ending May 24th, increasing available refining capacity by 428,000 bpd from the previous week. Offline capacity is expected to fall to 447,000 bpd in the week ending May 31st.

Early Market Call - as of 8:25 AM EDT

WTI - July \$60.05, down \$1.37

RBOB - June \$1.9561, down 3.51 cents

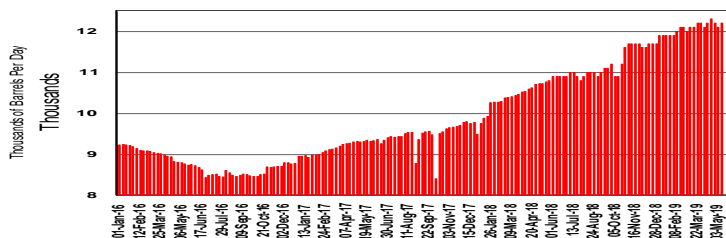
HO - June \$2.0082, down 4 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-19	\$2.0491	-\$0.0303	-\$0.0372
Jul-19	\$2.0506	-\$0.0321	-\$0.0373
Aug-19	\$2.0544	-\$0.0336	-\$0.0365
Sep-19	\$2.0605	-\$0.0340	-\$0.0362
Oct-19	\$2.0660	-\$0.0341	-\$0.0369
Nov-19	\$2.0696	-\$0.0344	-\$0.0380
Dec-19	\$2.0713	-\$0.0344	-\$0.0392
Jan-20	\$2.0718	-\$0.0346	-\$0.0395
Feb-20	\$2.0658	-\$0.0347	-\$0.0392
Mar-20	\$2.0541	-\$0.0343	-\$0.0381
Apr-20	\$2.0371	-\$0.0340	-\$0.0369
May-20	\$2.0258	-\$0.0337	-\$0.0360
Jun-20	\$2.0185	-\$0.0333	-\$0.0345
Jul-20	\$2.0150	-\$0.0327	-\$0.0334
Aug-20	\$2.0126	-\$0.0323	-\$0.0318
Sep-20	\$2.0113	-\$0.0318	-\$0.0306
Oct-20	\$2.0094	-\$0.0313	-\$0.0299

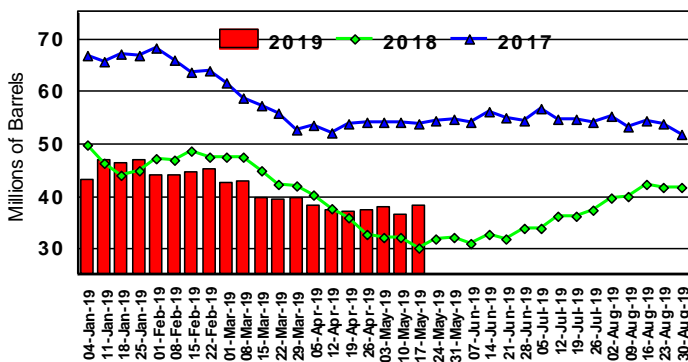
Sprague HeatCurve Oct 2019-Apr 2020		\$2.0641	
Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-	\$61.4200	-\$1.7100
Crude - Brent	WTI Spread	\$70.9900	-\$1.1900
Natural Gas	\$9.57	\$2.5430	-\$0.0700
Gasoline		\$1.9912	-\$0.0281

U.S. Domestic Crude Production



Weekly EIA Petroleum Status Report for the Week Ending May 17, 2019

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 4.74 million barrels

Cushing, OK Crude Stocks Up 1.26 million barrels

Gasoline Stocks Up 3.716 million barrels

Distillate Stocks Up 768,000 barrels

Refinery % Operated 89.9%, Down 0.6%

PADD #1

Distillate Stocks (in million bbls)	Week Ending May 17, 2019	Week Ending May 10, 2019	Week Ending May 18, 2018
New England	5.1	4.9	4.1
Central Atlantic	20.5	20.5	15.3
Total PADD #1	38.2	36.3	30.0
Distillate Imports (thousands b/d)	41	24	24