

Market Commentary

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Recap: The oil market traded lower on Tuesday after U.S. data suggested inflation remained high early in the second quarter, while OPEC maintained its demand forecast at 2.25 million bpd for the year. Ahead of the release of the Producer Price Index data, the market was trading within Monday's trading range, as it opened 11 cents higher at \$79.23, posted a high of \$79.38 in overnight trading and held support at its previous low of \$77.78. However, the market breached its previous low and posted a low of \$77.68 after the PPI report showed that U.S. producer prices increased more than expected in April amid strong gains in the costs of goods and services. The market later retraced some of its losses and settled in a sideways trading range during the remainder of the session. The June WTI contract ended the session down \$1.10 at \$78.02 and the July Brent contract settled down 98 cents at \$82.38. Meanwhile, the product markets ended the session lower, with the heating oil market settling down 1.68 cents at \$2.42, the lowest level since July 3, 2023, and the RB market settling down 5.09 cents at \$2.4596.

Technical Analysis: The market is seen trading sideways as the market awaits the release of the weekly petroleum stocks reports, which are expected to show a draw of about 500,000 barrels in crude stocks, and the release of the Consumer Price Index data on Wednesday morning. The market will remain pressured and test its support at \$76.00 if the CPI data shows inflation remaining high. The market is seen finding support at its low of \$77.68, \$76.89, \$76.00 and \$75.10. Meanwhile, resistance is seen at its high of \$79.38, \$79.49, \$79.96, \$80.74 and \$81.20. Further upside is seen at \$81.57 and \$81.93.

Fundamental News: OPEC continued to forecast strong growth in global oil demand in 2024 and said it would switch to focus on projected demand for OPEC+ crude, reflecting that the wider group is now the main forum for cooperation in the market. In a monthly report, OPEC said it expected world oil demand to increase by 2.25 million bpd in 2024 and by 1.85 million bpd in 2025. Both forecasts were unchanged from its previous forecast. "OPEC said "Despite certain downside risks, the continued momentum observed since the start of the year could create additional upside potential for global economic growth in 2024 and beyond." OPEC also said it would stop publishing a calculation of the world's demand for its own crude and would focus on demand for oil from OPEC+. In the report, OPEC projected 2024 demand for OPEC+ crude at 43.2 million bpd, compared with world oil demand of 104.5 million bpd, and said the group produced 41.02 million bpd in April, below the expected demand. OPEC itself produced 26.58 million bpd in April, down 48,000 bpd.

Israeli tanks forged deeper into eastern Rafah, reaching some residential districts on Tuesday, increasing an offensive in the southern border city where more than a million people had been sheltering after being displaced in seven months of war. Israel's international allies and aid groups have repeatedly urged against a ground incursion into refugee-packed Rafah, warning of a potential humanitarian catastrophe. Qatar's Prime Minister Sheikh Mohammed bin Abdulrahman Al-Thani said Israel's operations in Rafah have set back efforts at trying to reach a ceasefire in talks that are being mediated by Qatar and Egypt, although it would continue to negotiate. Israel has vowed to press on into Rafah even without the support of allies, saying its operation is necessary to root out four remaining Hamas battalions that are in the city. Israel issued evacuation orders for people to move from parts of eastern Rafah a week ago, with a second round of orders extending to further zones on Saturday.

Colonial Pipeline Co is allocating space for Cycle 30 on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina. The current allocation is for the pipeline segment north of Collins, Mississippi.

Early Market Call - as of 8:35 AM EDT

WTI - June \$77.98, down 4 cents
 RBOB - June \$2.4776, up 1.8 cents
 HO - June \$2.4239, up 39 points

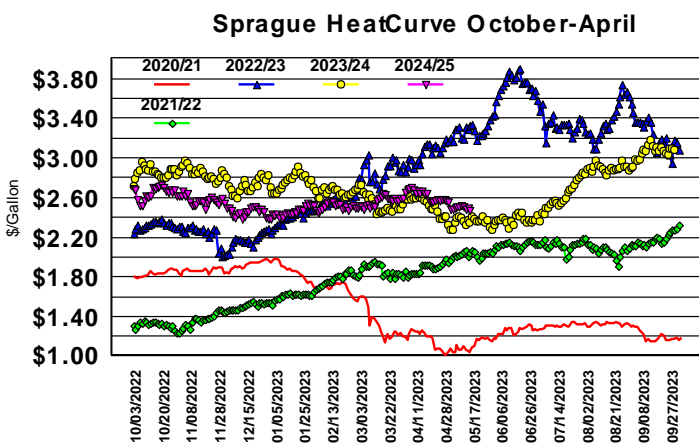
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-24	2.4200	-0.0168	-0.0456
Jul-24	2.4345	-0.0186	-0.0445
Aug-24	2.4499	-0.0201	-0.0425
Sep-24	2.4649	-0.0202	-0.0407
Oct-24	2.4730	-0.0207	-0.0414
Nov-24	2.4742	-0.0208	-0.0407
Dec-24	2.4709	-0.0207	-0.0399
Jan-25	2.4738	-0.0195	-0.0375
Feb-25	2.4685	-0.0183	-0.0349
Mar-25	2.4546	-0.0174	-0.0328
Apr-25	2.4355	-0.0169	-0.0312
May-25	2.4246	-0.0167	-0.0301
Jun-25	2.4165	-0.0168	-0.0294
Jul-25	2.4122	-0.0165	-0.0289
Aug-25	2.4087	-0.0162	-0.0286
Sep-25	2.4065	-0.0157	-0.0286
Oct-25	2.4039	-0.0148	-0.0285

Sprague HeatCurve October 2024-April 2025			\$2.4660
		Close	Change
Crude - WTI	July Brent- WTI Spread \$4.73	\$77.6500	-\$0.9500
Crude - Brent		\$82.3800	-\$0.9800
Natural Gas		\$2.3440	-\$0.0370
Gasoline		\$2.4596	-\$0.0509

API Report for the Week Ending May 10, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 3,104 million barrels	Down 500,000 barrels
Gasoline Stocks	Down 1,269 million barrels	Up 500,000 barrels
Distillate Stocks	Up 673,000 barrels	Up 800,000 barrels
Refinery Runs		Up 0.7% at 89.2%

Sprague HeatCurve October-April



June WTI



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