

Market Commentary

Recap: Oil futures trading in New York City and London continued to climb on Friday following a week of strong price action, with the Brent crude international benchmark briefly touching its highest level in two months. Gas prices were surging, as record high prices are pinching Americans' pockets ahead of what is usually peak summer driving season. The focus for traders this past week had been supply. And two events have garnered most of the attention: The possible ban on Russian crude exports and the significant tightness in U.S. product inventories. The EU may announce the ban on May 30 at nearly the same time the U.S. begins its high demand summer driving season. Both moves will tighten supply. But there is a third factor developing. Bullish traders are hoping China starts to lift its COVID-related restrictions while at the same time announcing more measures to support the economy. This could give demand a much needed boost. WTI for July delivery gained 98.00 cents or 0.86%, up \$4.79 per barrel, or 4.34% on the week to \$115.07. July delivery gained \$2.03, or 1.73% to settle at \$119.43 a barrel, up \$6.88 per barrel, or 6.11% on the week. ULSD for June delivery gained 3.49 cents or 0.88%, to settle at \$4.0029 per gallon, up 26.38 cents on the week. June RBOB gained 13.84 cents or 3.57% per gallon, to settle at \$4.1058, up 17.88 cents per gallon, or 4.66% to \$4.0158 on the week.

Technical Analysis: Sentiment in the oil markets remain tilted to the upside, as WTI approaches the highs made in March 2022. The main drivers of this market continue to be the impending Russian energy ban and further lockdowns in China due to COVID. July WTI fell just over 1% in early morning trading but rebounded to climb above \$115 in a lightly traded market. At this point, we expect for this market to test \$116.64, the top of the sideways trading pattern that began in early March, and therefore would look at any pullbacks in this market as buying opportunities.

Fundamental News: U.S. energy firms cut oil and natural gas rigs this week for the first time in 31 weeks. Baker Hughes reported that the U.S. oil and gas rig count fell by one to 727 in the week ending May 27th. In May, the total oil and gas rig count increased by 29, the biggest monthly increase since February. Baker Hughes reported that the U.S. oil rigs fell by two to 574 this week, their first decline in 10 weeks, while gas rigs increased by 1 to 151, the highest number of rigs seen since September 2019.

IIR Energy said that U.S. oil refiners are expected to shut in 1.049 million bpd of capacity in the week ending May 27th, cutting available refining capacity by 178,000 bpd. Offline capacity is expected to fall to 640,000 bpd in the week ending June 3rd and to 433,000 in the subsequent week.

Colonial Pipeline Co is allocating space for Cycle 32 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

Ministers from the Group of Seven countries called on OPEC to act responsibly to ease a global energy crunch brought on by the Russian invasion of Ukraine, even as they announced a breakthrough commitment to phase out coal-fueled power.

BOFA Global Research said a sharp contraction in Russian oil exports could push Brent well past \$150/barrel. It sees Brent prices to average \$1-4.48/barrel in 2022 and \$100/barrel in 2023. It said a supply-led \$30/barrel increase in oil prices this year cut 1.5 million bpd off demand, preventing a recovery to pre-COVID levels.

Officials said European Union countries are negotiating a deal on Russian oil sanctions that would embargo shipment deliveries but delay sanctions on oil delivered by pipeline to win over Hungary and other landlocked member states. Another official said that an agreement could be reached by EU member states' ambassadors in Brussels on Sunday, on time for their leaders to agree at a May 30-31 summit.

Early Market Call - as of 8:35 AM EDT

WTI - July \$118.93, up \$3.89

RBOB - June \$4.1216, up 10.58 cents

HO - June \$4.1852, up 18.23 cents

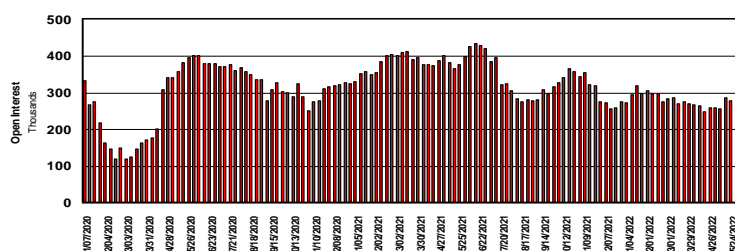
All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jun-22	4.0029	0.0349	0.2638
Jul-22	3.9053	0.0548	0.2835
Aug-22	3.8246	0.0580	0.2832
Sep-22	3.7551	0.0585	0.2137
Oct-22	3.6795	0.0570	0.2544
Nov-22	3.5954	0.0522	0.2320
Dec-22	3.5068	0.0457	0.2099
Jan-23	3.4290	0.0383	0.1907
Feb-23	3.3489	0.0303	0.1729
Mar-23	3.2637	0.0227	0.1546
Apr-23	3.1769	0.0168	0.1398
May-23	3.1141	0.0094	0.1324
Jun-23	3.0612	0.0062	0.1274
Jul-23	3.0267	0.0050	0.1230
Aug-23	2.9952	0.0036	0.1154
Sep-23	2.9710	0.0021	0.1095
Oct-23	2.9517	0.0014	0.1066

Sprague HeatCurve October 2022-April 2023 \$3.4170

	Close	Change
Crude - WTI	\$115.0700	\$0.9800
Crude - Brent	\$119.4300	\$2.0300
Natural Gas	\$8.7270	-\$0.1680
Gasoline	\$4.0158	\$0.1384

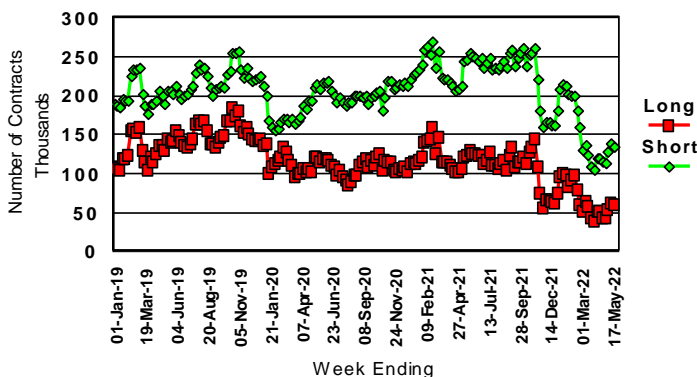
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending May 24, 2022

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

