

Market Commentary

Recap: After posting fresh 3 and half year highs, oil prices relinquished gains despite the bullish sentiment. May WTI climbed to a high of \$69.55 a barrel, its highest level since December 2014. While speculators continue to wage their bets on higher prices, the sharp move to the upside has raised concern that this market has gone up to high to fast. That being said, perhaps a shake out to the down side is brewing. While it appears that WTI slipped on profit taking, Brent held on to gains after it was reported that Saudi Arabia said the global supply glut as almost evaporated. May WTI fell 18 cents, or 0.3%, to settle at \$68.29 a barrel, while June Brent 30 cents, or 0.4%, to settle at \$73.78 a barrel.

May RBOB rose 0.4% to \$2.077 a gallon, while May heating oil gained 0.9%, to settle at \$2.109 a gallon.

Fundamental News: According to a joint OPEC and non-OPEC technical panel, a global oversupply of oil has almost been eliminated. The meeting of the Joint Technical Committee found that oil inventories in developed nations in March stood at 12 million barrels above the five-year average, down from 340 million barrels above the average in January 2017. A ministerial panel of OPEC and non-OPEC producers called the Joint Ministerial Monitoring Committee is scheduled to gather in Jeddah on Friday. The ministers are expected to discuss the five-year average inventory metric on Friday, though the JTC has made no recommendations on this.

Ottawa is preparing to counter British Columbia's bid to control the flow of oil through the province with legislation that will enhance federal power to push through the Trans Mountain pipeline. The move comes as Kinder Morgan says the fight has caused "unquantifiable risk" to its project. The provincial NDP government will ask the British Columbia Court of Appeal by the end of the month to determine whether it has the authority to regulate the movement of diluted bitumen through its territory. The case is expected to longer than the May 31st deadline Kinder Morgan has set for deciding whether to proceed with the pipeline expansion, which the Trudeau government has ruled to be in the national interest.

PDVSA, which relies heavily on US oil to run its refinery in the island of Curacao, cancelled plans to import US grades in April and May as sellers demanded payment ahead of delivery.

Gasoline stocks in independently held storage in the Amsterdam-Rotterdam-Antwerp hub in the week ending April 19th fell by 4.13% on the week but increased by 6.91% on the year to 1.254 million tons, while gasoil stocks fell by 7.49% on the week and by 26.44% on the year to 2.298 million tons and its fuel oil stocks increased by 15.46% on the week and by 4.42% on the year to 1.135 million tons.

Fitch's BMI Research said China will account for 66% of forecast global gasoline displacement by 2027 due to increased use of electric vehicles. BMI forecast 400,000 bpd of gasoline will be displaced globally by 2027 in its base-case scenario.

The head of commodities research at Bank of America Merrill Lynch said Brent could reach \$80/barrel by the end of the second quarter, partly fueled by Saudi-Russia cooperation.

ABN Amro expects Brent prices to average \$79/barrel in 2020 as demand growth outpaces addition of supplies. Brent crude is forecast to average \$70/barrel for both the second and third quarters. WTI prices are expected to average \$72/barrel in 2020 and \$64/barrel and \$66/barrel in the second and third quarters, respectively.

Early Market Call - as of 8:30 AM EDT

WTI - May \$67.85 down 44 cents
 RBOB - May \$2.0669 down 1.05 cents
 HO - May \$2.0982 down 1.12 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-18	\$2.1094	\$0.0183	\$0.0256
Jun-18	\$2.1042	\$0.0159	\$0.0286
Jul-18	\$2.1010	\$0.0142	\$0.0323
Aug-18	\$2.0987	\$0.0126	\$0.0336
Sep-18	\$2.0994	\$0.0117	\$0.0343
Oct-18	\$2.1004	\$0.0112	\$0.0368
Nov-18	\$2.1002	\$0.0108	\$0.0381
Dec-18	\$2.0974	\$0.0103	\$0.0374
Jan-19	\$2.0955	\$0.0100	\$0.0373
Feb-19	\$2.0894	\$0.0104	\$0.0375
Mar-19	\$2.0770	\$0.0111	\$0.0391
Apr-19	\$2.0592	\$0.0119	\$0.0398
May-19	\$2.0467	\$0.0133	\$0.0414
Jun-19	\$2.0378	\$0.0150	\$0.0434
Jul-19	\$2.0348	\$0.0147	\$0.0434
Aug-19	\$2.0345	\$0.0146	\$0.0438
Sep-19	\$2.0376	\$0.0145	\$0.0444

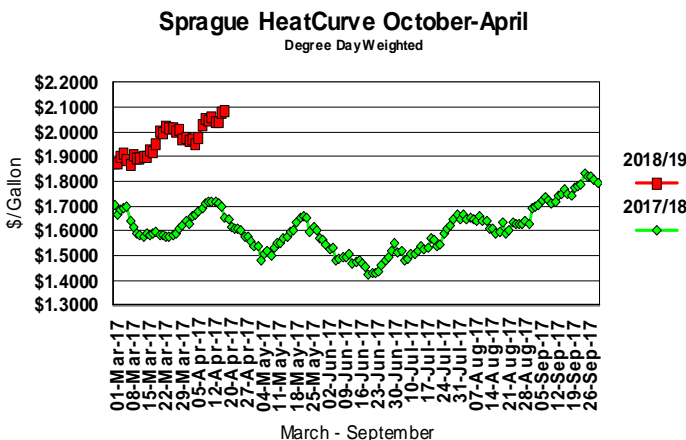
Sprague HeatCurve Oct 2018-April 2019 \$2.0895

Other Front Month NYMEX		Close	Change
Crude - WTI	June Brent-	\$68.3300	-\$0.1400
Crude - Brent	WTI Spread		
Natural Gas	\$5.45	\$2.6600	-\$0.0790
Gasoline		\$2.0774	\$0.0091

EIA Natural Gas Storage Report

	13-Apr-18	06-Apr-18	Change	Year Ago
East	207	217	-10	266
Midwest	228	246	-18	476
Mountain	83	83	0	141
Pacific	175	171	4	220
South Central	606	618	-12	955
Salt	185	196	-11	300
Nonsalt	421	422	-1	655
Total	1,299	1,335	-36	2,060

Sprague HeatCurve Winter 2018/19



ICE June WTI-Brent Spread

