

Market Commentary

Recap: Oil prices rose on Wednesday, erasing early losses, as traders focused on rising tensions in the Middle East, despite the EIA reporting a 5.4 million barrel decrease in U.S. crude oil inventories. June WTI, which had fallen 1.5 percent to a session low of \$60.85 prior to the release of the report, rose 0.9 percent, to a high of \$62.34 by 11:30 EDT. July Brent gained 1.4 percent, reaching a session high of \$72.25. Movement to the upside was contained, as the IEA has lowered its forecast for demand growth for 2019, while geopolitical forces remain supportive. Gains were pared, with June WTI settling at \$62.02 a barrel, up 24 cents, or 0.38 percent and July Brent settling at \$71.77 a barrel, up 53 cents, or 0.74 percent, its highest settlement in 2-weeks. June RBOB rose 3.6 cents, or 1.8%, to \$2.013 a gallon, while June heating oil added 2.7 cents, or 1.3%, to \$2.086 a gallon.

Technical Analysis: WTI continues to move in a sideways pattern, while working its way above near term technical indicators. A symmetrical triangle appears to have formed on a spot continuation chart. This type of pattern is a continuation pattern, calling for prices to remain in a sideways formation until a breach of the upper or lower line occurs. With moving oscillators crossing to the upside, we would look for the June contract to work its way toward the top of this formation. Resistance is set at \$62.60 and above that at \$63.35. Support is set at \$59.50 and below that at \$58.25.

Fundamental News: In its monthly report, the IEA said the world will require very little extra oil from OPEC this year as increasing US oil output will offset declining exports from Iran and Venezuela. The IEA said the US' decision to end sanctions waivers that had allowed some importers to continue buying Iranian crude added to the "confusing supply outlook." It said there was a modest offset to supply worries from the demand side as it expected growth in global oil demand to be 1.3 million bpd in 2019 or 90,000 bpd less than previously forecast. It said 2018 demand growth had been estimated at 1.2 million bpd. It said global oil demand would average 100.4 million bpd in 2019, exceeding 100 million bpd for the first time. It also said higher output from producers outside of OPEC, especially the US in the second quarter, would keep the market well supplied. US production of oil and condensates was forecast to increase by 1.7 million bpd in 2019. The IEA estimated that global oil supply fell by 300,000 bpd in April. However, OPEC's crude output increased by 60,000 bpd to 30.21 million bpd. The call on OPEC crude would be 30.9 million bpd in the second quarter of 2019 and would fall to 30.2 million bpd in the second half of the year. The IEA also stated that the impact on European refinery throughput in the second quarter of 2019 from contaminated crude on the Druzhba pipeline is seen at about 250,000 bpd.

Equinor's oil production is continuing as normal at the Statfjord field following an oil spill. It said it is investigating the oil spill, which led to a halt in its loading operations at the field.

Russia's Energy Minister, Alexander Novak, said exports of clean Russian oil via the Druzhba pipeline, interrupted due to contamination, will be fully restored in late May or early June.

IIR Energy reported that US oil refiners are expected to shut in about 563,000 bpd of capacity in the week ending May 17th, increasing the available refining capacity by 407,000 bpd on the week. Offline capacity is expected to fall to 151,000 bpd in the week ending May 24th.

The Houston Ship Channel reopened on Wednesday to two-way traffic after salvage crews removed two gasoline barges damaged in a weekend collision with a deep-draft vessel.

Early Market Call - as of 9:20 AM EDT

WTI - June \$62.81, up 79 cents

RBOB - June \$2.0510, 3.83 cents

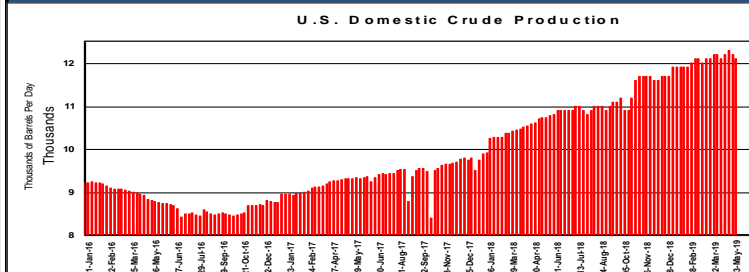
HO - June \$2.1168, up 3.04 cents

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jun-19	\$2.0863	\$0.0274	\$0.0301
Jul-19	\$2.0879	\$0.0259	\$0.0306
Aug-19	\$2.0909	\$0.0246	\$0.0290
Sep-19	\$2.0967	\$0.0239	\$0.0269
Oct-19	\$2.1029	\$0.0232	\$0.0252
Nov-19	\$2.1076	\$0.0226	\$0.0227
Dec-19	\$2.1105	\$0.0221	\$0.0206
Jan-20	\$2.1113	\$0.0211	\$0.0182
Feb-20	\$2.1050	\$0.0199	\$0.0160
Mar-20	\$2.0922	\$0.0190	\$0.0138
Apr-20	\$2.0740	\$0.0185	\$0.0115
May-20	\$2.0618	\$0.0182	\$0.0105
Jun-20	\$2.0530	\$0.0181	\$0.0101
Jul-20	\$2.0484	\$0.0180	\$0.0099
Aug-20	\$2.0444	\$0.0180	\$0.0097
Sep-20	\$2.0419	\$0.0178	\$0.0100
Oct-20	\$2.0393	\$0.0179	\$0.0089

Sprague HeatCurve Oct 2019-Apr 2020 \$2.1027

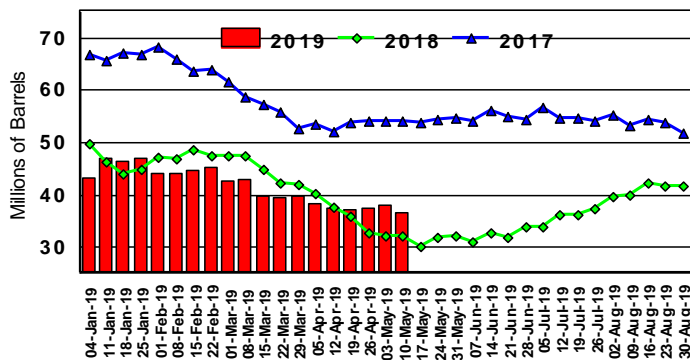
Other Front Month NYMEX	Close	Change
Crude - WTI	\$62.2400	\$0.2800
Crude - Brent	\$71.7700	\$0.5300
Natural Gas	\$2.6010	-\$0.0580
Gasoline	\$2.0127	\$0.0360



Weekly EIA Petroleum Status Report for the Week Ending May 10, 2019

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 5.431 million barrels

Cushing, OK Crude Stocks Up 1.805 million barrels

Gasoline Stocks Down 1.123 million barrels

Distillate Stocks Up 84,000 barrels

Refinery % Operated 90.5%, Up 1.6%

PADD #1

Distillate Stocks (in million bbls)	Week Ending May 10, 2019	Week Ending May 3, 2019	Week Ending May 11, 2018
New England	4.9	5.0	4.6
Central Atlantic	20.5	21.1	15.7
Total PADD #1	36.3	38.0	32.1
Distillate Imports (thousands b/d)	24	75	65