

Market Commentary

Recap: Oil prices peaked in overnight trading as traders weighed in on strong Asian demand, the possibility that the U.S. would once again wage sanctions on Iran, geopolitical risk and OPEC lead production cuts. Despite the retreat from recent highs, the underlying tone remains supportive, given the aforementioned fundamentals. While the world awaits U.S. Donald Trump's decision on Iran, prices will most likely remain on the defensive. June WTI settled at \$68.19 a barrel, up 14 cents, or 0.21%, while Brent for June delivery tacked on 74 cents, or 1.00%, to settle at \$74.74 a barrel.

Strong demand growth out of the OECD and Eastern Mediterranean regions, which have been a driving force behind the 150% increase in Brent prices since January 2016, continues to help widen the contango market conditions in the Brent/WTI spread. Since peaking at -\$2.84 in March, this spread has widened by \$3.72, or 130.6%, and is closing in on the recent low of -\$6.80 reached in December 2017. A break below this level puts this spread in position to test -\$7.59, the 62% retracement between \$0.87, the high made in January 2016 and -\$12.82, the low made in February 2015.

May RBOB 1.1% to \$2.112 a gallon, while May heating oil added 1.1% to \$2.16 a gallon.

Fundamental News: A senior German official said proposals presented by French President, Emmanuel Macron, on Iran's nuclear deal are based on the existing international agreement but would add some new elements. The official said that "in our view this agreement should be maintained." Separately, French President, Emmanuel Macron, said he expected US President Donald Trump to pull out of a deal with Iran. President Trump will decide by May 12th whether to restore US sanctions on Iran.

Ali Akbar Velayati, a top adviser to Iran's Supreme Leader said Iran will not accept any change to a nuclear deal with six major powers as Western signatories of the agreement prepare a package that seeks to persuade US President Donald Trump to save the agreement. He said if President Trump exits the deal, Iran will pull out of it.

Russia's Foreign Ministry spokeswoman, Maria Zakharova, said Russia does not see any room for changes or additions to the Iran nuclear deal. She said Moscow was seriously concerned by comments made by the presidents of France and the US about the deal.

OPEC Secretary General, Mohammad Barkindo, is expected to attend the annual Caspian Oil & Gas conference in Baku, Azerbaijan on May 30-31. He will speak at the conference about global economic prospects in the oil and gas industry. He visited Azerbaijan in March and discussed deepening cooperation, including possible Azeri membership of OPEC, although the country's energy minister said on April 23rd that the question of Azerbaijan joining the cartel is not on the agenda.

TransCanada is now acquiring land in Nebraska for its planned Keystone XL oil pipeline, aimed at shipping incremental volumes of Western Canadian barrels to the US Gulf Coast for local refining and also providing options for exports. The need to acquire new easement came after the Nebraska Public Service Commission decision, which approved an alternate route. In November, the NPS upheld its decision to allow TransCanada to build the 830,000 bpd Keystone XL pipeline system on an alternate route. A final investment decision is due for the Keystone XL system. Following an open season, the Keystone XL pipeline system drew 500,000 bpd in firm 20-year commitments from shippers.

Mercuria Group plans to increase its investments in the US and sell more US crude to China when it takes a stake in China's refining system. Mercuria is buying a stake in China's ChemChina's refining system and will be the first global trading house to gain access to China's domestic refineries.

Early Market Call - as of 8:30 AM EDT

WTI - June \$67.94, down 25 cents
RBOB - May \$2.1167, down 2 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-18	\$2.1600	\$0.0240	\$0.0506
Jun-18	\$2.1416	\$0.0181	\$0.0374
Jul-18	\$2.1330	\$0.0162	\$0.0320
Aug-18	\$2.1284	\$0.0157	\$0.0297
Sep-18	\$2.1280	\$0.0158	\$0.0286
Oct-18	\$2.1283	\$0.0155	\$0.0279
Nov-18	\$2.1278	\$0.0149	\$0.0276
Dec-18	\$2.1252	\$0.0149	\$0.0278
Jan-19	\$2.1231	\$0.0148	\$0.0276
Feb-19	\$2.1161	\$0.0141	\$0.0267
Mar-19	\$2.1026	\$0.0131	\$0.0256
Apr-19	\$2.0834	\$0.0121	\$0.0242
May-19	\$2.0713	\$0.0111	\$0.0246
Jun-19	\$2.0616	\$0.0101	\$0.0238
Jul-19	\$2.0581	\$0.0099	\$0.0233
Aug-19	\$2.0586	\$0.0099	\$0.0241
Sep-19	\$2.0624	\$0.0100	\$0.0248

Sprague HeatCurve Oct 2018-April 2019 \$2.1164

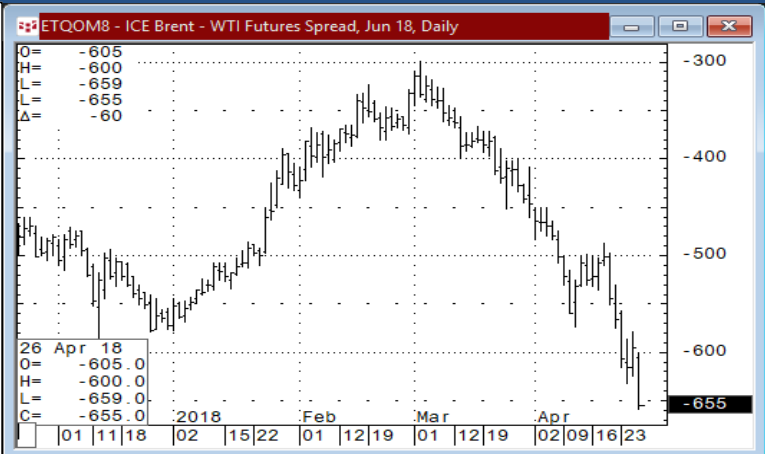
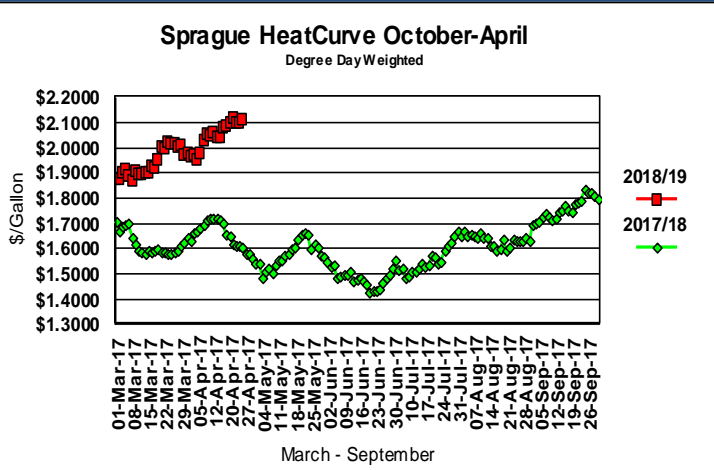
Other Front Month NYMEX		Close	Change
Crude - WTI	June Brent-	\$68.1900	\$0.1400
Crude - Brent	WTI Spread		
Natural Gas	\$6.55	\$2.8210	\$0.0350
Gasoline		\$2.1123	\$0.0226

EIA Natural Gas Storage Report

	20-Apr-18	13-Apr-18	Change	Year Ago
East	205	207	-2	299
Midwest	211	228	-17	502
Mountain	84	83	1	148
Pacific	177	175	2	227
South Central	604	606	-2	1,002
Salt	182	185	-3	320
Nonsalt	421	421	0	682
Total	1,281	1,299	-18	2,178

Sprague HeatCurve Winter 2018/19

ICE June WTI-Brent Spread



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