

Market Commentary

Recap: Oil futures climbed for the second straight session, despite U.S. crude oil stockpiles rising to record levels. Prices had spent part of the session trading to the downside after the EIA reported an increase of 5.7 million barrels in last week's inventory report, but the data also revealed a fall in domestic production and a decline in stocks held at Cushing, OK. Currently, about 24%, or 435,767 barrels per day of crude oil production remains shut in the offshore U.S. – regulated Gulf of Mexico due to Tropical Storm Cristobal. Prices also got a boost from the Federal Reserve, as its chairman said he doesn't expect to lift short-term interest rates through the end of 2022. This pressured the U.S. dollar, which in turn pushed crude oil prices higher. July WTI rose 66 cents, or 1.7%, to settle at \$39.60 a barrel. August Brent added 55 cents, or 1.3%, to settle at \$41.73 a barrel. July RBOB ended little changed, down 0.03% at \$1.2099 a gallon, while July heating oil added 1.6% to \$1.173 a gallon.

Technical Analysis: WTI appears to be struggling for direction, lacking in significant downside pressure, while at the same time being contained by a dearth in demand. Long dated spreads continue to reflect the absence of optimism that demand will increase into the latter part of the year, while the front end of the curve is holding up due to production cuts. For now, it looks as if WTI will continue to grind higher within the upward channel. A break below the line should activate selling by weak longs and trigger stops to the downside. Support is set at \$37.10 and below that at \$35.37. To the upside, resistance is set at \$40.11 and above that at \$41.88.

Fundamental News: The US Energy Department said it bought 126,000 barrels of crude for the emergency oil reserve, as the government seeks to help oil producers following a decline in fuel demand resulting from the coronavirus pandemic. Last month, the department said it would buy up to 1 million barrels of sweet crude for the reserve to help small to midsized producers.

S&P Global Platts cFlow estimates that at just over 3 million barrels of U.S. middle distillates exports are expected to land in Europe in June, up from just 1.75 million barrels of middle distillates that were exported from the USGC to Europe in May.

Commodity data company Kpler estimates that around 1.6 million mt of jet fuel is in floating storage or queueing to discharge in Northwest Europe at the end of the first week of June.

Evercore ISI reported this week that the Permian Basin in May reported the largest monthly decline in oil and gas permits ever, down 47% from April, with applications by large-cap operators fell to their lowest levels in history, down nearly 75%. Overall U.S. permitting in May was off 53% from April levels and some 63% lower than the same month a year ago.

Occidental Petroleum Corp said it is the process of carefully ramping back up production and resuming normal operations at its U.S. Gulf of Mexico facilities. It safely returned its staff to all of its central and eastern Gulf of Mexico facilities that were impacted by Tropical Storm Cristobal.

Libya's National Oil Corporation said production at Libya's El Feel oilfield has been shut down, only a few days after it had resumed operations following a months-long blockade. NOC and an engineer said it was shut down by an armed group. Production at the Sharara field that had also restarted after military gains by the internationally recognized government was shut down on Tuesday.

IIR Energy stated that U.S. oil refiners are expected to shut in about 4 million bpd of capacity in the week ending June 12th, increasing available refining capacity by 113,000 bpd from the previous week.

Early Market Call - as of 8:25 AM EDT

WTI - July \$36.77, down \$2.85

RBOB - July \$1.1405, down 6.98 cents

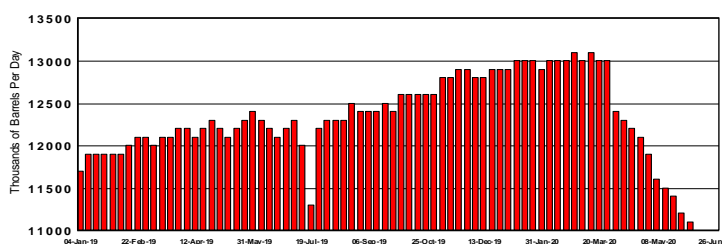
HO - July \$1.1198, down 5.34 cents

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jul-20	1.1730	0.0183	-0.1084
Aug-20	1.1970	0.0157	-0.0998
Sep-20	1.2192	0.0146	-0.0926
Oct-20	1.2395	0.0131	-0.0874
Nov-20	1.2561	0.0114	-0.0815
Dec-20	1.2689	0.0101	-0.0762
Jan-21	1.2822	0.0089	-0.0715
Feb-21	1.2935	0.0075	-0.0666
Mar-21	1.3013	0.0059	-0.0617
Apr-21	1.3040	0.0047	-0.0582
May-21	1.3087	0.0040	-0.0554
Jun-21	1.3159	0.0038	-0.0531
Jul-21	1.3301	0.0033	-0.0508
Aug-21	1.3431	0.0025	-0.0486
Sep-21	1.3541	0.0018	-0.0471
Oct-21	1.3648	0.0013	-0.0460
Nov-21	1.3741	0.0008	-0.0460

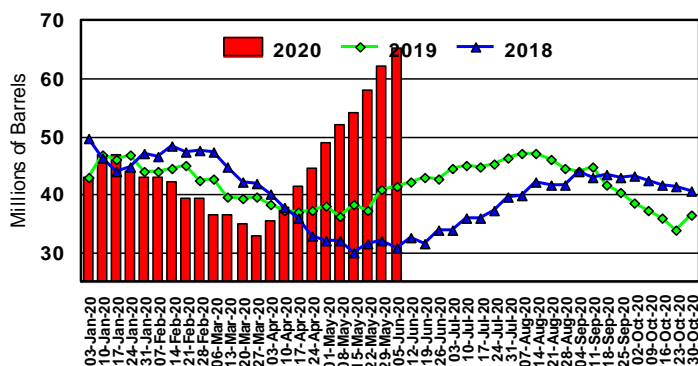
Sprague Heat Weighted Strip October -April 20/2021			\$1.2808
		Close	Change
Crude - WTI	Aug Brent- WTI Spread \$1.95	\$39.7800	\$0.6200
Crude - Brent		\$41.7300	\$0.5500
Natural Gas		\$1.7800	\$0.0130
Gasoline		\$1.2099	-\$0.0004

U.S. Domestic Crude Production



Weekly EIA Petroleum Status Report for the Week Ending June 5, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 5.72 million barrels

Cushing, OK Crude Stocks Down 2.279 million barrels

Gasoline Stocks Up 866,000 barrels

Distillate Stocks Up 1.568 million barrels

Refinery % Operated 73.1%, up 1.3%

PADD #1

Distillate Stocks (in million bbls)	Week Ending June 5, 2020	Week Ending May 29, 2020	Week Ending June 6, 2019
New England	12.4	11.8	5.1
Central Atlantic	37.5	35.0	23.5
Total PADD #1	65.2	62.2	41.5
Distillate Imports (thousands b/d)	173	149	58