

Market Commentary

Recap: Oil prices climbed more than 3 percent on Monday, reaching fresh highs for the year, after the U.S. announced that it would no longer issue waivers allowing certain countries to buy Iranian oil without facing sanctions. Many analysts had expected the administration to tighten the sanctions, but not remove the waivers altogether. After trading sideways for almost two weeks, WTI rose \$1.92 to a high of \$65.92 a barrel around 12:01 EST, its highest level since October 2018. Brent added \$2.51 to top the session at \$74.51 a barrel, the highest level for a spot futures contract since November 5, 2018. On its last day of trading, May WTI settled at \$65.70 a barrel, up \$1.70, or 2.7 percent, while June Brent tacked on \$2.07, or 2.88 percent, to settle at \$74.04 a barrel. May RBOB rose 5.8 cents, or 2.8%, to \$2.130 a gallon and May heating oil climbed by 3.3 cents, or 1.6%, to \$2.104 a gallon.

Technical Analysis: WTI settled above \$65.35, the 62% retracement set by the December low of \$43.70 and the October high of \$78.74. The break above this psychological level sets up for a run at \$67.50. We would not discount a pull back toward the \$65.00 level, where this market may encounter a fresh round of buying. Support is set at \$64.00 and below that at \$63.22.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Friday, April 19th increased by 80,142 barrels on the week but fell by 584,839 barrels from Tuesday, April 16th to 46,231,824 barrels.

The White House announced that US President Donald Trump has decided not to reissue waivers in May allowing importers to buy Iranian oil without facing US sanctions. President Trump said that Saudi Arabia and other OPEC producers could more than make up for any decline in Iranian oil supplies. US Secretary of State, Mike Pompeo, said the US will give no grace period after it ends the Iranian oil waivers on May 1st. He said the US has been in discussions with other countries to help them wind down Iranian oil imports. The White House said that the US, Saudi Arabia and the UAE have agreed to take timely action to assure that global demand is met as all Iranian oil is removed from the market. US Secretary of State said he was confident of Saudi Arabia's commitment to making sure there was sufficient supply in the market. US envoy for Iran, Brian Hook, said waivers for Iranian oil were granted in November because conditions in the oil market did not permit zero exports, but added that the current situation is different.

The semi-official Tasnim news agency quoted an unnamed Iranian Oil Ministry source as saying that the US will fail to cut Iranian oil exports to zero, as Iran is ready for any US decision to end waivers granted to buyers of Iranian crude.

Separately, the commander of the Revolutionary Guards' navy said Iran would close the Strait of Hormuz if Iran is barred from using it.

Nigeria's Nembe Creek Trunk Line, one of two major lines transporting Bonny Light crude, was shut on Sunday after a fire prompted a force majeure.

A source familiar with Saudi thinking said Saudi Arabia is willing to compensate for any potential loss of crude supply if the US ends waivers granted to buyers of Iranian oil, but the country will assess the impact on the market before raising its output.

Asim Jihad, an Iraqi Oil Ministry spokesman said that Iraq is committed to the global oil supply cuts taken by OPEC and its allies and any decision to raise or cut production must be taken collectively by OPEC. He said Iraq does not take a unilateral decision to compensate for a reduction in the oil market for any reason.

Early Market Call - as of 8:25 AM EDT

WTI - June \$65.66, up 11 cents
 RBOB - May \$2.1294, down 3 points
 HO - May \$2.1134, up 96 points

All NYMEX | Prior Settlements

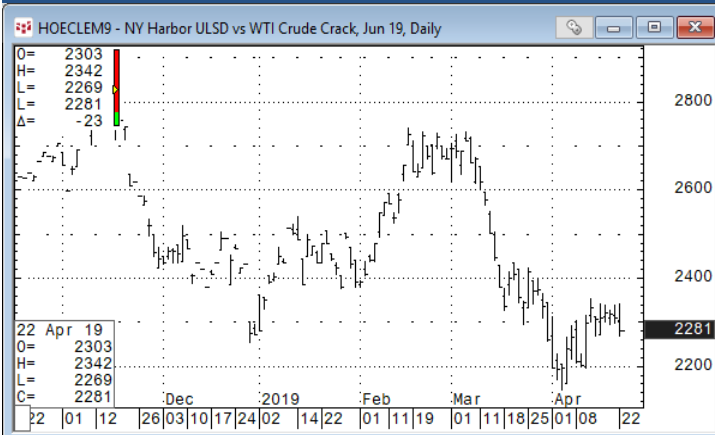
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-19	\$2.1040	\$0.0331	\$0.0430
Jun-19	\$2.1066	\$0.0326	\$0.0437
Jul-19	\$2.1123	\$0.0322	\$0.0440
Aug-19	\$2.1192	\$0.0317	\$0.0439
Sep-19	\$2.1287	\$0.0313	\$0.0436
Oct-19	\$2.1381	\$0.0313	\$0.0440
Nov-19	\$2.1454	\$0.0310	\$0.0438
Dec-19	\$2.1504	\$0.0306	\$0.0434
Jan-20	\$2.1535	\$0.0299	\$0.0422
Feb-20	\$2.1494	\$0.0288	\$0.0405
Mar-20	\$2.1398	\$0.0276	\$0.0390
Apr-20	\$2.1236	\$0.0263	\$0.0377
May-20	\$2.1109	\$0.0249	\$0.0365
Jun-20	\$2.1014	\$0.0233	\$0.0351
Jul-20	\$2.0954	\$0.0217	\$0.0332
Aug-20	\$2.0904	\$0.0199	\$0.0309
Sep-20	\$2.0873	\$0.0183	\$0.0284

Sprague HeatCurve Oct 2019-Apr 2020		\$2.1454	
Other Front Month NYMEX		Close	Change
Crude - WTI	June Brent-	\$65.5500	\$1.4800
Crude - Brent	WTI Spread	\$74.0400	\$2.0700
Natural Gas	\$8.49	\$2.5240	\$0.0340
Gasoline		\$2.1298	\$0.0576

NYMEX WTI Continuation



June Heating Oil Crack Spread



June RBOB Crack Spread

