

Market Commentary

Recap: Oil prices reached fresh 3 ½ year highs, with Brent topping \$80 a barrel for the first time since November 2014 and WTI tipping the charts above \$72 a barrel in as much time. Geopolitical tensions continue to drive this market, especially Brent, while rising U.S. production have added a gravitational pull on WTI, making its ascent less intense. Since U.S. President Trump's announcement that the U.S. was vacating the nuclear arms deal with Iran, oil prices have risen over 3.5%, but a lack of any new fundamentals may have started to weigh on prices, which slipped during the trading session as the dollar strengthened. June WTI retraced back toward unchanged, to settle at \$71.49 a barrel, while July Brent squeezed out a 2 cent gain, to settle at \$79.30. The discount between Brent and WTI widened out to -\$8.72 as geopolitical woes nurtures the rally in Brent however; the pre-settlement sell-off pushed this spread back in for a settlement of -\$7.73.

June gasoline rose 0.3% to \$2.256 a gallon, while June heating oil rose 0.7% to \$2.286 a gallon.

Fundamental News: US President Donald Trump acknowledged on Wednesday it was unclear if his meeting with North Korea would go ahead after Pyongyang threatened to pull out of the meeting. North Korea threw into doubt the June 12 summit between its leaders Kim Jong Un and Trump, saying it may not attend if the US continues to demand it unilaterally abandon its nuclear arsenal. North Korea also called off talks with South Korea scheduled for Wednesday, blaming US-South Korea military exercises.

British Prime Minister, Theresa May agreed with the leaders of Germany and France to uphold the Iran nuclear deal after meeting on the sidelines of an EU summit.

Royal Dutch Shell has declared force majeure effective immediately on Bonny Light Crude exports out of Nigeria. Exports of Bonny Light are expected to run at around 195,000 bpd next month, making Nigeria the third largest crude oil stream behind Forcados and Qua Iboe.

Saudi crude oil exports in March fell to 7.122 million bpd from 7.251 million bpd in February.

Goldman Sachs raised its 12 month S&P GSCI returns forecast to 8% from a previous estimate of 5%. The bank stated that oil fundamentals are now more bullish as increased demand faces supply disappointments. It added that the current fundamental backdrop for oil is now more bullish than it had expected. It stated that US shale production would not be able to fully meet a potential supply disruption from Iran if sanctions resume. It said without aggressive action by OPEC and Russia, markets would likely remain in deficit and inventories would draw to critical operating levels by the first quarter of 2019.

Colombia's Ecopetrol said the Transandino oil pipeline has been damaged in a bomb attack. The attack destroyed a piece of the pipeline's tubing. The Transandino pipeline, which has a capacity to transport 85,000 bpd, was not operating at the time of the explosion. The company said it would repair the pipeline once the military had secured the area.

The UAE said OPEC had bigger issues to consider than the impact of the US decision to withdraw from the international nuclear deal with Iran such as Venezuela's declining output.

India's Petroleum Minister, Dharmendra Pradhan, said Saudi Arabia's Energy Minister, Khalid al Falih, had assured him Saudi Arabia and other producers would ensure availability of adequate supplies to offset any potential shortfalls and ensure that prices remain reasonable.

Early Market Call - as of 9:00 AM EDT

WTI - June \$71.40, down 9 cents

RBOB - June \$2.2593, up 1.60 cents

HO - June \$2.2912, up 1.06 cents

All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-18	\$2.2808	\$0.0116	\$0.0580
Jul-18	\$2.2746	\$0.0116	\$0.0570
Aug-18	\$2.2722	\$0.0121	\$0.0558
Sep-18	\$2.2734	\$0.0124	\$0.0563
Oct-18	\$2.2740	\$0.0127	\$0.0569
Nov-18	\$2.2734	\$0.0133	\$0.0570
Dec-18	\$2.2708	\$0.0137	\$0.0567
Jan-19	\$2.2705	\$0.0139	\$0.0565
Feb-19	\$2.2653	\$0.0139	\$0.0566
Mar-19	\$2.2538	\$0.0137	\$0.0576
Apr-19	\$2.2383	\$0.0141	\$0.0605
May-19	\$2.2286	\$0.0144	\$0.0621
Jun-19	\$2.2209	\$0.0151	\$0.0628
Jul-19	\$2.2173	\$0.0157	\$0.0618
Aug-19	\$2.2181	\$0.0166	\$0.0611
Sep-19	\$2.2247	\$0.0175	\$0.0617
Oct-19	\$2.2319	\$0.0184	\$0.0624

Sprague HeatCurve Oct 2018-April 2019			\$2.2648
Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-	\$71.5700	\$0.0100
Crude - Brent	WTI Spread	\$79.3000	\$0.0200
Natural Gas	\$7.73	\$2.8590	\$0.0440
Gasoline		\$2.2431	-\$0.0068

EIA Natural Gas Storage Report

	11-May-18	04-May-18	Change	Year Ago
East	275	243	32	365
Midwest	267	240	27	538
Mountain	98	92	6	160
Pacific	204	195	9	243
South Central	694	662	32	1,054
Salt	216	204	12	336
Nonsalt	477	458	19	717
Total	1,538	1,432	106	2,359

Sprague HeatCurve Winter 2018/19

Sprague HeatCurve October-April

Degree Day Weighted

