

## Market Commentary

**Recap:** Oil prices slipped by more than 2 percent on Tuesday, dragged lower by a slide in equities, amid heightened concern over trade talks between the U.S. and China. July Brent was down \$1.86, or 2.6 percent, at \$69.38 a barrel by 10:17 a.m. EDT, while June WTI was down \$1.59, or 2.5 percent, at \$60.66 per barrel. The early losses were pared by increasing tensions between the U.S., Iran and Venezuela, and the effect this may have on supplies. By 1:30 pm, July Brent was trading at \$69.97 per barrel, down \$1.27, or 1.8 percent, while June WTI was trading at \$61.19 per barrel, down \$1.06, or 1.7 percent. Both Brent and WTI finished the session down on the day, July Brent settled at \$69.88 a barrel, down 1.36 cents, or 1.91 percent the lowest settlement for a spot month since April 4. WTI for June delivery fell 85 cents, or 1.37 percent, to settle at \$61.40 a barrel lowest front-month settlement since March 29. June RBOB fell by 2.4% to \$1.949 a gallon and June heating oil settled at \$2.038 a gallon, down 1.5% — with both commodities posting the lowest front-month contract settlements since April 4.

**Technical Analysis:** Once again, June WTI blew through the channel bottom, and for the first time, this spot contract settled below it. As with breaks of this kind, we like to see a retreat back to the trend line, followed by a bounce off of it to confirm the break. Coming into Wednesday's session, this retracement level is set at \$61.94. Support is set at \$60.00 and \$58.40. Resistance above \$61.94 is set at \$63.29.

**Fundamental News:** In its latest Short Term Energy Outlook, the EIA cut its 2019 world oil demand growth forecast by 20,000 bpd to 1.38 million bpd. The agency raised its oil demand growth estimate for 2020 by 80,000 bpd to 1.53 million bpd. Total world petroleum demand is estimated at 101.36 million bpd for 2019 and 102.89 million bpd for 2020. The EIA reported that OPEC production is estimated to fall by 1.67 million bpd to 30.29 million bpd in 2019 and by 440,000 bpd to 29.85 million bpd in 2020. Non-OPEC production is expected to increase by 2.31 million bpd in 2019 and by 2.47 million bpd in 2020. US crude production is expected to increase by 1.49 million bpd to 12.45 million bpd in 2019 and by 930,000 bpd to 13.38 million bpd in 2020. US petroleum demand is expected to increase by 250,000 bpd to 2.07 million bpd in 2019 and by 280,000 bpd to 20.98 million bpd in 2020.

According to Platts Analytics, US gasoline exports are expected to increase to 800,000 bpd in the week ending May 3<sup>rd</sup>, up from 688,000 bpd exported in the previous week.

US Energy Secretary, Rick Perry, said that Saudi Arabia is increasing its oil production to meet needs arising from sanctions imposed on Iran. He said the message for US allies around the world is to not do business with Iran.

The quality of Russia's oil from the Baltic Sea port of Ust-Luga is gradually improving after tainted oil was detected late last month that forced Russia to shut the Druzhba pipeline. As of Tuesday, the Druzhba pipeline was closed for almost two weeks and it was unclear when normal operations would resume.

Iran's Foreign Ministry will announce Iran's diminished commitments to the 2015 nuclear deal to envoys of the accord's five remaining signatories on Wednesday. Iran's President Hassan Rouhani is expected to send a letter.

Iranian Foreign Minister, Mohammad Javad Zarif, said that Iran was close to an oil sales deal with the European Union, despite the sanctions which have been re-imposed by the US.

Iran's Supreme National Security Council dismissed as "psychological warfare" a US announcement that a carrier strike group and bombers are being sent to the Middle East as a message to Tehran.

**Early Market Call - as of 8:25 AM EDT**

WTI - June \$61.62, up 23 cents

RBOB - June \$1.9461, down 27 points

HO - June \$2.0432, up 57 points

## All NYMEX | Prior Settlements

| Month  | ULSD (HO)<br>Close | Prior Settle<br>Change | Change In<br>One Week |
|--------|--------------------|------------------------|-----------------------|
| Jun-19 | 2.0376             | -0.03                  | -0.0403               |
| Jul-19 | 2.0395             | -0.0305                | -0.0422               |
| Aug-19 | 2.0443             | -0.0295                | -0.0433               |
| Sep-19 | 2.0526             | -0.0293                | -0.0441               |
| Oct-19 | 2.0607             | -0.0294                | -0.0454               |
| Nov-19 | 2.0676             | -0.0293                | -0.0456               |
| Dec-19 | 2.0725             | -0.0291                | -0.0458               |
| Jan-20 | 2.0757             | -0.0283                | -0.0459               |
| Feb-20 | 2.0717             | -0.0272                | -0.0465               |
| Mar-20 | 2.0615             | -0.0264                | -0.0477               |
| Apr-20 | 2.0462             | -0.0255                | -0.048                |
| May-20 | 2.0355             | -0.0247                | -0.0478               |
| Jun-20 | 2.0279             | -0.0242                | -0.0478               |
| Jul-20 | 2.0234             | -0.0236                | -0.0477               |
| Aug-20 | 2.0196             | -0.0232                | -0.0476               |
| Sep-20 | 2.0167             | -0.0229                | -0.0477               |
| Oct-20 | 2.0154             | -0.0226                | -0.0476               |

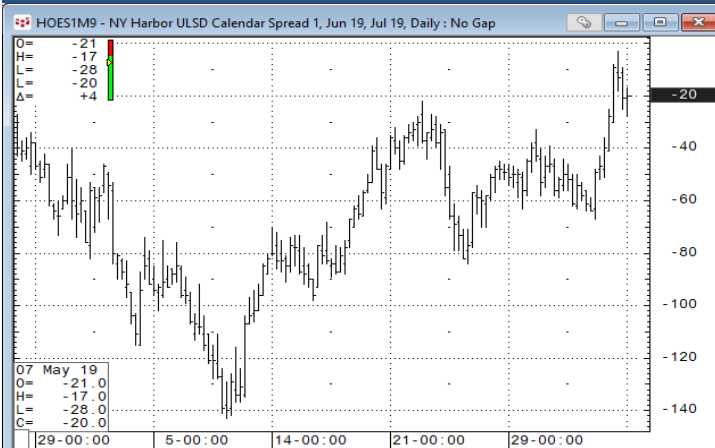
## Sprague HeatCurve Oct 2019-Apr 2020 \$2.0676

| Other Front Month NYMEX | Close     | Change    |
|-------------------------|-----------|-----------|
| Crude - WTI             | \$61.5100 | -\$0.8600 |
| Crude - Brent           | \$69.8800 | -\$1.3600 |
| Natural Gas             | \$2.5370  | \$0.0130  |
| Gasoline                | \$1.9487  | -\$0.0479 |

## API Weekly Report for the Week Ending May 3, 2019

|                            | Actual                   | Mkt Expectations         |
|----------------------------|--------------------------|--------------------------|
| Crude Oil Stocks(excl SPR) | Up 2.8 million barrels   | Up 1.2 million barrels   |
| Cushing, OK Crude Stocks   | Up 618,000 barrels       |                          |
| Gasoline Stocks            | Down 2.8 million barrels | Down 434,000 barrels     |
| Distillate Stocks          | Down 834,000 barrels     | Down 1.1 million barrels |
| Refinery Runs              | Up 75,000 bpd            | Up 0.6%                  |

## NYMEX Heating Oil June-July Spread



## NYMEX RBOB June-July Spread

