

Market Commentary

Recap: Oil futures shrugged off the 8.5 million barrel increase in U.S. crude oil inventories, to turn markedly higher on the day after the EIA released its report showing a 3.6 million barrel drop in U.S. gasoline inventories and as distillate stockpiles fell 900,000 barrel to a 17 -year low of 104 million barrels. Oil prices rebounded after a 2-day slide of \$10, with WTI recapturing the \$105 mark. Adding to the mix was a decrease in Russian gas to Europe and Russia sanctioning some European gas companies. Russian gas flows to Europe via Ukraine fell by a quarter after Kyiv halted use of a major transit route, blaming interference by occupying Russian forces. It was the first time exports via Ukraine have been disrupted since the invasion. That move raised concerns that similar interruptions could follow even as prices are already soaring. Russia on Wednesday sanctioned 31 companies based in countries that imposed sanctions on Moscow after Russia invaded Ukraine in February. WTI for June delivery gained \$5.95 per barrel, or 5.96% to \$105.71, while July Brent gained \$5.05 per barrel, or 4.93% to \$107.51. ULSD for June delivery gained 1.90 cents per gallon, or 0.48% to \$3.9512. RBOB Gasoline for June delivery gained 14.40 cents per gallon, or 4.07% to \$3.6855.

Technical Analysis: And so the sideways pattern in WTI remains intact, as WTI experienced an outside trading session on Wednesday. This and the fact that the June contract recaptured the 10 and 50-day moving averages indicate that uncertainty remains in this market, as bulls appear to still be in control. We fell short of our \$95 target, but are not surprised given the volatility in this market. That being said, we look for this market to bounce around within the triangle until we can get a significant breakout on either side. Resistance is set at \$109 - \$110, with support set at \$104.34 and \$102.

Fundamental News: The EIA reported that U.S. crude oil in the SPR fell by a record 7 million barrels in the week ending May 6th to 543 million barrels, its lowest level since May 2001. The EIA said U.S. distillate stocks fell by 913,000 barrels in the week ending May 6th to 104 million barrels, the lowest level since May 2005, with East Coast distillates inventories fell to a record low of 21.3 million barrels. Meanwhile, U.S. crude output fell by 100,000 bpd on the week to 11.8 million bpd, the first weekly decline since January.

Analysts said the volume of crude oil flowing on pipelines from the top U.S. shale field to export hubs on the U.S. Gulf Coast could increase to pre-pandemic levels by October. Oil production in the Permian basin of West Texas and New Mexico is increasing towards a predicted 5.7 million bpd next year with U.S. crude trading around \$100/barrel. According to energy research firm East Daley Capital, that would still be below the capacity available on pipelines of about 6.6 million bpd. Utilization of pipelines from the Permian to the Gulf Coast is set to increase to the pre-pandemic level of about 77% by October this year and increase to 80% by the end of the year. It was around 70% in April.

IIR Energy reported that U.S. oil refiners are expected to shut in 960,000 bpd of capacity in the week ending May 13th, increasing available refining capacity by 136,000 bpd. Offline capacity is expected to fall to 787,000 bpd in the week ending May 20th.

U.S. consumer price growth slowed sharply in April as gasoline prices fell from record highs, suggesting that inflation has probably peaked, though it is likely to remain high for a while. The U.S. Labor Department reported that the Consumer Price Index increased 0.3% in April, the smallest gain since last August. In the 12 months through April, the CPI increased 8.3%. Excluding the volatile food and energy components, the CPI increased up 0.6% after increasing 0.3% in March. The so-called core CPI increased 6.2% in the 12-months through April. That followed a 6.5% increase in March, which was largest gain since August 1982.

Early Market Call - as of 8:30 AM EDT

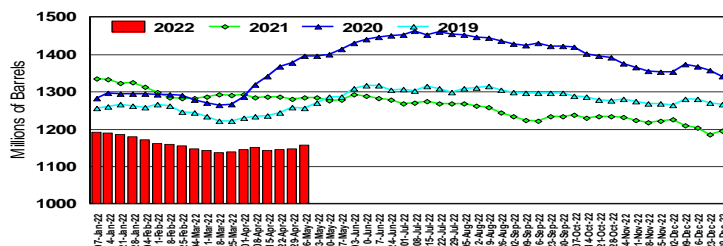
WTI - June \$103.94, down \$1.77
 RBOB - June \$3.6847 down 8 points
 HO - June \$3.8416, down 10.97 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)		Change In One Week
	Close	Prior Settle Change	
Jun-22	3.9512	0.0190	-0.2458
Jul-22	3.7546	0.0753	-0.1276
Aug-22	3.6308	0.0964	-0.0686
Sep-22	3.5645	0.1058	-0.1349
Oct-22	3.5010	0.1112	-0.0140
Nov-22	3.4362	0.1155	0.0046
Dec-22	3.3708	0.1191	0.0197
Jan-23	3.3145	0.1197	0.0269
Feb-23	3.2523	0.1192	0.0278
Mar-23	3.1865	0.1199	0.0284
Apr-23	3.1142	0.1176	0.0221
May-23	3.0518	0.1124	0.0135
Jun-23	2.9998	0.1032	0.0022
Jul-23	2.9704	0.1031	0.0023
Aug-23	2.9479	0.1021	0.0028
Sep-23	2.9277	0.1010	0.0016
Oct-23	2.9075	0.0985	-0.0006

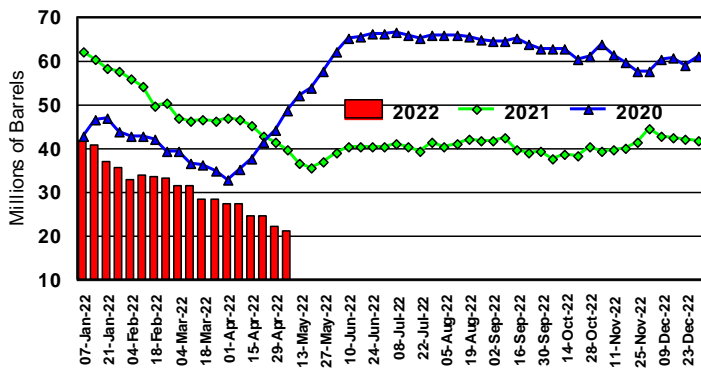
Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	June Brent- WTI Spread \$3.48	\$104.0300	\$5.5800
Crude - Brent		\$107.5100	\$5.0500
Natural Gas		\$7.6400	\$0.2550
Gasoline		\$3.6855	\$0.1440

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending May 6, 2022

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 8.5 million barrels
 Cushing, OK Crude Stocks Down 587,000 barrels
Gasoline Stocks Down 3.6 million barrels
Distillate Stocks Down 913,000 barrels
Refinery % Operated 90%, up 1.6%

PADD #1

Distillate Stocks (in million bbls)	Week Ending May 6, 2022	Week Ending Apr 29, 2022	Week Ending May 7, 2021
New England	3.3	3.4	8.1
Central Atlantic	9.2	9.1	18.9
Total PADD #1	21.3	22.4	39.8
Distillate Imports (thousands b/d)	104	58	110