

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices fell at the onset of Monday's trading session, after U.S. President Donald Trump threatened in a tweet to raise tariffs on \$200 billion of Chinese goods. June WTI fell toward \$60.00 a barrel, to its lowest level since March 29, while July Brent slipped below \$69.00 a barrel. After a period of sideways trading, June WTI bounced sharply, as prices were dragged higher by tensions between the U.S and Iran. By 10:15 am ET, this spot contract erased all of its losses, and as of 1:45 pm was trading at a session high of \$62.74, a gain of \$1.80. May Brent rose 84 cents, to a session high of \$71.69. Gains were pared before the settlement period, with June WTI settling at \$62.25 a barrel, up 31 cents, or 0.50 percent, while July Brent tacked on 39 cents, or 0.55 percent, to settle at \$71.24 a barrel. June RBOB fell 1.5% to \$1.997 a gallon, while the June heating oil shed 0.1% to \$2.068 a gallon.

Technical Analysis: June WTI blew through \$61.61, the channel bottom we had written about on Friday, and \$61.66 and \$60.81, the 200 and 50-day moving averages, respectively. This move played out well for technical traders, who sold on the breaks, and bought back on the bounce above \$60.00. The technical play pushed this spot contract back toward \$63.00. June's settlement back within the channel leaves this formation intact. Resistance is set at \$64.75 and above that at the psychological level of \$65.00. Support is set at \$61.61 and \$60.00.

Fundamental News: Genscape reported that US crude oil stocks held in Cushing, Oklahoma in the week ending Friday, May 3rd increased by 2,027,827 barrels on the week and by 73,131 barrels from Tuesday, April 30th to 48,442,592 barrels.

The semi-official ISNA news agency reported that on Wednesday, Iran will announce "reciprocal actions" on the one-year anniversary of the US withdrawal from world powers' 2015 nuclear deal with Iran. The report noted that Iran is not planning to pull out of the nuclear agreement. Similarly, the state-run IRIB news agency reported that Iran will restart part of its halted nuclear program in response to the US withdrawal from the nuclear deal but does not plan to pull out of the agreement. On Sunday, US national security adviser, John Bolton, said the Trump administration is now deploying a carrier strike group and bombers to the Middle East in response to troubling indications and warnings from Iran and to show the US will retaliate with "unrelenting force" to any attack. US Secretary of State, Mike Pompeo, also issued a warning to Iran on Sunday.

A source at the Belarusian state oil firm Belneftekhim said that it is not clear when clean Russian oil flows through the Druzhba pipeline to Europe will resume. The source said that Belarus' Mozyr refinery has not yet resumed crude processing and that it is still cleaning equipment from contaminated oil. Russia's Energy Ministry said that clean Russian crude oil arrived at the Mozyr refinery on Saturday after flows through the pipeline were halted last week due to contamination. Separately, Ukrtransnafta said it is ready to resume transit of Russian oil to the EU. It said clean Russian oil has started to flow from Belarus towards Ukraine.

Bank of America Merrill Lynch expects Saudi Arabia to bring back output slowly as Iran's oil exits the market. It sees \$70/barrel as a target floor. It said the rally in spot prices so far has been largely supply-driven, with OPEC and non-OPEC output contracting by 2.2 million bpd since November 2018.

IIR Energy reported that US oil refiners are expected to shut in 1.05 million bpd of capacity in the week ending May 10th, increasing the available refining capacity by 16,000 bpd from the previous week. The offline capacity is expected to fall to 685,000 bpd in the week ending May 17th.

Early Market Call - as of 8:35 AM EDT
WTI - June \$61.75, down 50 cents
RBOB - June \$1.9605, down 3.58 cents
HO - June \$2.0466, down 2.1 cents

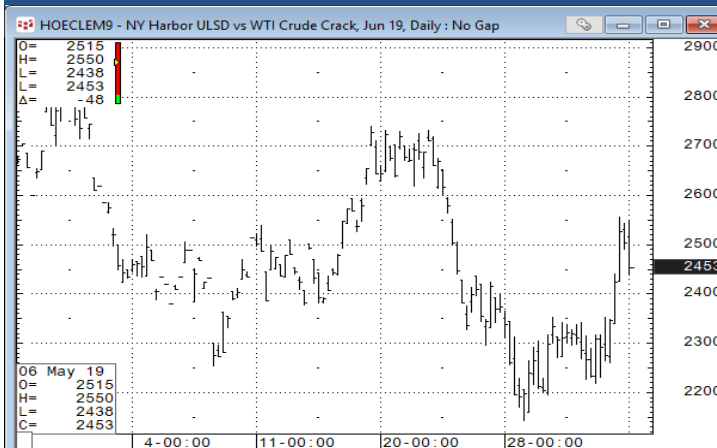
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-19	\$2.0676	-\$0.0026	\$0.0137
Jul-19	\$2.0700	-\$0.0017	\$0.0115
Aug-19	\$2.0738	-\$0.0015	\$0.0084
Sep-19	\$2.0819	-\$0.0010	\$0.0064
Oct-19	\$2.0901	-\$0.0007	\$0.0048
Nov-19	\$2.0969	-\$0.0006	\$0.0043
Dec-19	\$2.1016	-\$0.0004	\$0.0039
Jan-20	\$2.1040	\$0.0003	\$0.0026
Feb-20	\$2.0989	\$0.0008	\$0.0006
Mar-20	\$2.0879	\$0.0013	-\$0.0019
Apr-20	\$2.0717	\$0.0021	-\$0.0033
May-20	\$2.0602	\$0.0028	-\$0.0042
Jun-20	\$2.0521	\$0.0036	-\$0.0051
Jul-20	\$2.0470	\$0.0041	-\$0.0061
Aug-20	\$2.0428	\$0.0046	-\$0.0069
Sep-20	\$2.0396	\$0.0051	-\$0.0079
Oct-20	\$2.0380	\$0.0056	-\$0.0086

Sprague HeatCurve Oct 2019-Apr 2020		\$2.0955	
Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent- WTI Spread	\$62.3700	\$0.3300
Crude - Brent		\$71.2400	\$0.3900
Natural Gas	\$8.87	\$2.5240	-\$0.0430
Gasoline		\$1.9966	-\$0.0299

ICE July Brent-WTI Spread



June Heating Oil Crack Spread



June RBOB Crack Spread

