

Market Commentary

Recap: The oil market on Thursday traded sharply lower on the possibility of a U.S.-Iran nuclear deal that raised the prospect of increased global crude supply. The June WTI contract opened 27 cents lower and posted a high of \$62.91 before it continued to retrace several days of gains after posting an inside trading day on Wednesday. The crude market was pressured by a statement made by Ali Shamkhani, an adviser to Iran's Supreme Leader Ayatollah Ali Khamenei, in an NBC interview on Wednesday that the country would commit to never making nuclear weapons and get rid of its stockpiles of highly-enriched uranium. The market was further pressured after U.S. President Donald Trump said he believed the U.S. and Iran were close to a deal. The oil market retraced more than 38% of its move from a low of \$55.30 to a high of \$63.90 as it posted a low of \$60.47 in early morning trading. The market later bounced off its low and traded back towards the \$62.00, where it held resistance during the remainder of the session. The June WTI contract settled down \$1.53 at \$61.62 and the July Brent contract settled down \$1.56 at \$64.53. The product markets were lower, with the heating oil market settling down 4.01 cents at \$2.1660 and the RB market settling down 3.56 cents at \$2.1344.

Technical Analysis: The crude market is seen trading within its recent trading range as the market continues to weigh the recent economic data, the de-escalation of the U.S.-China trade war against the expected increase in OPEC+ output for the second consecutive month in June and the potential for a nuclear deal between the U.S. and Iran. However, it is interesting to note that while the Iranian nuclear deal headlines provide for negative market sentiment, the actual change in the market's balance may not be much, as analysts estimate it has about 200,000 bpd to 300,000 bpd of spare capacity. The oil market is seen finding support at its low of \$60.47, \$59.89, \$59.58, \$58.55, \$57.74 and \$57.03. Meanwhile, resistance is seen at its high of \$62.91, \$63.68, \$63.90-\$63.92, \$64.87, \$65.29 and \$66.41.

Fundamental News: The IEA said economic headwinds combined with record sales of electric vehicles will reduce global oil demand growth to 650,000 bpd for the remainder of 2025. That marks a slowdown from the 990,000 bpd the IEA measured for demand growth over January-March. The IEA said "Increased trade uncertainty is expected to weigh on the world economy and, by extension, oil demand." The IEA now expects global demand growth to average 740,000 bpd overall this year, an upward revision of 20,000 bpd on the month because of higher expected economic growth and lower oil prices supporting consumption. It sees demand growth then averaging a similar 760,000 bpd in 2026. The IEA increased its supply growth forecast by almost 400,000 bpd on the month to 1.6 million bpd in 2025 as expectations of higher output from Saudi Arabia offset a predicted slowdown in U.S. shale oil output in a lower oil price environment. The IEA cut its U.S. shale forecast by 40,000 bpd for 2025 and 190,000 bpd for 2026. The IEA said that a sharp increase in supply, considerably outpacing demand growth, will force oil storage levels higher by an average of 720,000 bpd this year, after stocks declined on average by 140,000 bpd last year.

Bloomberg reported that Iran has relatively little extra crude that it can bring back if a nuclear deal is struck, but the extra oil could arrive in a market that is already forecasting a surplus. The head of the IEA's oil markets division, Toril Bosoni, estimated that Iran currently has about 300,000 to 400,000 bpd of spare capacity that it could bring back. He said Iran produced 3.4 million bpd in April and its capacity is between 3.7 and 3.8 million bpd, adding that whether it brings all that supply back online would depend on the nature of any deal that is struck. Meanwhile, Amrita Sen, co-founder and head of research at Energy Aspects said the actual volume coming back to the market will not be that much, estimating the amount at 200,000-300,000 bpd.

Early Market Call - as of 8:35 AM EDT

WTI - Jun \$61.90, up 21 cents

RB0B - Jun \$2.1350, up 6 points

HO - Jun \$2.1510, down 1.75 cents

All NYMEX | Prior Settlements

	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-25	2.1660	-0.0401	0.1260
May-25	2.1107	-0.0424	0.0955
Jun-25	2.0926	-0.0423	0.0763
Jul-25	2.0938	-0.0426	0.0694
Aug-25	2.0989	-0.0426	0.0665
Sep-25	2.1004	-0.0426	0.0627
Oct-25	2.0985	-0.0428	0.0578
Nov-25	2.1003	-0.0425	0.0550
Dec-25	2.0963	-0.0416	0.0537
Jan-26	2.0860	-0.0402	0.0533
Feb-26	2.0698	-0.0391	0.0518
Mar-26	2.0626	-0.0373	0.0512
Apr-26	2.0598	-0.0352	0.0511
May-26	2.0668	-0.0336	0.0513
Jun-26	2.0753	-0.0322	0.0511
Jul-26	2.0846	-0.0314	0.0502
Aug-26	2.0930	-0.0306	0.0495

Sprague HeatCurve October 2025-April 2026

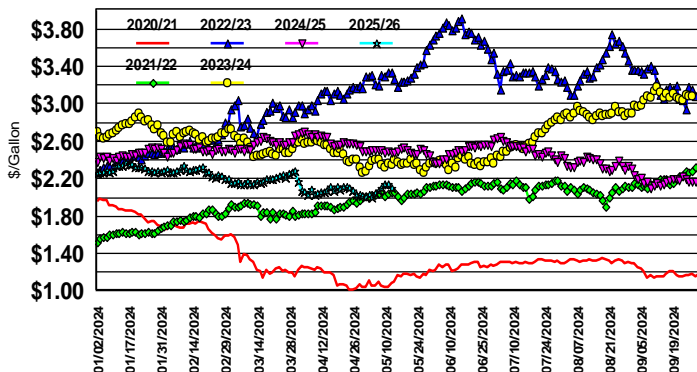
	Close	Change
Crude - WTI	\$61.1500	-\$1.5300
Crude - Brent	\$64.5300	-\$1.5600
Natural Gas	\$3.3620	-\$0.1300
Gasoline	\$2.1344	-\$0.0356

EIA Working Gas Storage Report

	09-May-25	02-May-25	Change	09-May-24
East	396	362	34	478
Midwest	480	454	26	610
Mountain	185	180	5	195
Pacific	237	232	5	251
South Central	957	917	40	1,096
Salt	308	293	15	313
Nonsalt	648	624	24	782
Total	2255	2145	110	2,630

Sprague HeatCurve

Sprague HeatCurve October-April



WTI Forward Curve

NYMEX WTI Forward Curve

