

## Market Commentary

**Recap:** The oil market posted an outside trading day and ended the session lower on Wednesday after the EIA released bearish oil inventory data. In overnight trading, the oil market rallied sharply higher and breached its previous highs as it posted a high of \$64.19 following reports that Israel could be preparing to strike Iranian nuclear facilities and raising fears of a supply disruption in the Middle East. The market, however, pared its sharp gains and traded toward the \$62.50 level ahead of the release of the weekly petroleum stocks report. The market extended its losses to \$1.28 as it posted a low of \$61.28 by mid-day. The market was pressured after Oman's Foreign Minister said the fifth round of nuclear talks between Iran and the U.S. will take place on May 23<sup>rd</sup> in Rome. The July WTI contract then settled in a sideways trading pattern during the remainder of the session and settled down 46 cents at \$61.57. The July Brent contract settled down 47 cents at \$64.91. The product markets ended in mixed territory, with the heating oil market settling up 1.02 cents at \$2.1391 and the RB market settling down 23 points at \$2.1498.

**Technical Analysis:** The crude market is seen trading sideways following Wednesday's volatile trading session. It will weigh the unexpected builds reported in crude stocks against headlines regarding the reports of a possible Israeli attack on Iran's nuclear facilities. The market will also look for further developments on the next round of nuclear talks between the U.S. and Iran scheduled for Friday and the peace talks between Russia and Ukraine. The oil market is seen finding support at its low of \$61.28, \$60.99, \$60.78, \$60.68, \$60.08, \$59.63, \$59.49, \$58.53 and \$57.37. Meanwhile, resistance is seen at \$61.65, \$62.10, \$63.05, \$64.19 and \$65.82.

**Fundamental News:** The EIA reported that U.S. crude oil inventories unexpectedly increased by 1.3 million barrels to 443.2 million barrels in the week ending May 16<sup>th</sup>. Analysts had expected a 1.3 million barrel draw. Crude stocks at Cushing, Oklahoma fell by 457,000 barrels on the week.

On Tuesday, CNN reported that new intelligence obtained by the United States suggests that Israel is making preparations to strike Iranian nuclear facilities. CNN said it was not clear whether Israeli leaders have made a final decision and there was disagreement within the U.S. government about whether the Israelis would ultimately decide to carry out strikes. One source familiar with the intelligence told CNN the likelihood of an Israeli strike on an Iranian nuclear facility "has gone up significantly in recent months." The person added that the chance of a strike would be more likely if the U.S. reached a deal with Iran that did not remove all of the country's uranium. CNN reported that the new intelligence was based on the public and private communications from senior Israeli officials as well as intercepted Israeli communications and observations of Israeli military movements that could suggest an imminent strike.

Ukraine will ask the European Union next week to consider big new steps to isolate Russia, including seizing Russian assets and bringing in sanctions for some buyers of Russian oil, as U.S. President Donald Trump has backed off from tightening sanctions.

S&P Global Commodity Insights analysts are expecting U.S. crude production will average 13.5 million b/d by December, basically unchanged from December 2024, but then declining to 13.3 million b/d by a year later.

Goldman Sachs is forecasting U.S. oil output will fall by 400,000 b/d by the end of 2026 as rigs operating slowly decline as producers will reduce capex.

S&P Global Commodities at Sea data shows a significant amount of gasoline bound for the U.S. Atlantic Coast this week and next. Overall they estimate U.S. imports of gasoline into PADD #1 from the UK-Continent for the 30 day period ending June 1<sup>st</sup> will reach 1.8 million mt, a high level not seen since June 2023.

**Early Market Call - as of 9:15 AM EDT**

WTI - Jul \$60.76, down 58 cents

RBOB - Jun \$2.1189, down 2.42 cents

HO - Jun \$2.1151, down 1.57 cents

## All NYMEX | Prior Settlements

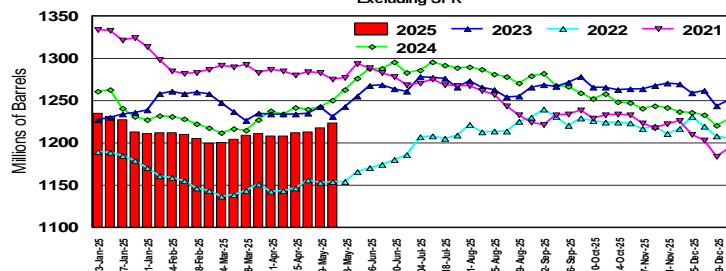
	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-25	2.1391	0.0102	-0.0670
May-25	2.1044	0.0103	-0.0487
Jun-25	2.0894	0.0080	-0.0455
Jul-25	2.0914	0.0067	-0.0450
Aug-25	2.0965	0.0057	-0.0450
Sep-25	2.0982	0.0051	-0.0448
Oct-25	2.0967	0.0044	-0.0446
Nov-25	2.0994	0.0038	-0.0434
Dec-25	2.0963	0.0036	-0.0416
Jan-26	2.0869	0.0035	-0.0393
Feb-26	2.0714	0.0031	-0.0375
Mar-26	2.0641	0.0024	-0.0358
Apr-26	2.0606	0.0017	-0.0344
May-26	2.0665	0.0008	-0.0339
Jun-26	2.0740	0.0003	-0.0335
Jul-26	2.0827	-0.0001	-0.0333
Aug-26	2.0911	0.0003	-0.0325

## Sprague HeatCurve October 2025-April 2026

	Close	Change
Crude - WTI	\$61.5700	-\$0.4600
Crude - Brent	\$64.9100	-\$0.4700
Natural Gas	\$3.3680	-\$0.0590
Gasoline	\$2.1498	-\$0.0023

## Total U.S. Oil Stocks

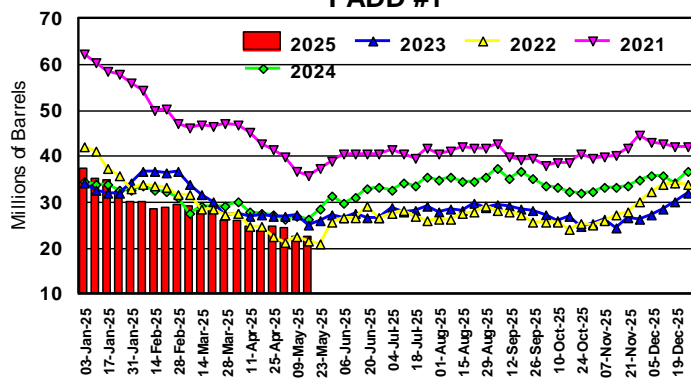
Excluding SPR



## Weekly EIA Petroleum Status Report for the Week Ending May 16, 2025

### Distillate Stocks

#### PADD #1



### Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.328 million barrels

Cushing, OK Crude Stocks Down 457,000 barrels

Gasoline Stocks Up 816,000 barrels

Distillate Stocks Up 579,000 barrels

Refinery % Operated 90.7%, up 0.5%

#### PADD #1

	Week Ending May 16, 2025	Week Ending May 9, 2024	Week Ending May 17, 2024
Distillate Stocks (in million bbl)			
New England	3.1	2.7	3.5
Central Atlantic	11.1	11.2	13.0
Total PADD #1	22.6	22.6	26.4
Distillate Imports (thousands b/d)	76	101	66