

Market Commentary

Recap: The oil market on Monday, following the long Easter holiday weekend, ended the session higher following some choppy trading as the market awaited for further news regarding talks between the U.S. and Iran. The market was well supported on the opening on Sunday evening following U.S. President Donald Trump's threat of targeting Iran's power plants and bridges if the Strait of Hormuz is not reopened by Tuesday evening. The oil market rallied to a high of \$115.48 before it retraced some of its gains and posted a low of \$108.89 in overnight trading on news that the U.S. and Iran were weighing a framework of plan to end the conflict. The market later retraced some of its losses and traded back towards its highs in afternoon trading after Iran rejected a ceasefire proposal and said it wanted a permanent end to the war, while President Trump later reiterated that the deadline for Iran to make a deal was Tuesday evening and added that Iran could be taken out in one night, possibly Tuesday night. The May WTI contract settled up 87 cents at \$112.41 and the June Brent contract settled up 74 cents at \$109.77. The product markets ended the session in mixed territory, with the heating oil market settling down 3.27 cents at \$4.3284 and the RB market settling up 2.02 cents at \$3.3082.

Technical Analysis: The crude market on Tuesday will remain on edge following Iran's response to the U.S. proposal, rejecting a ceasefire and emphasizing the necessity of a permanent end to the conflict. Its response consisted of ten clauses, including an end to the conflict, a protocol for safe passage through the Strait of Hormuz, lifting of sanctions and reconstruction. The market will remain supported in light of President Trump's threat of attacks on Iran's critical infrastructure unless there is a ceasefire deal he finds acceptable and Iran reopens the Strait of Hormuz by Tuesday evening. The oil market is seen finding support at \$108.89, \$103.60, \$99.93, \$97.50, \$96.50, \$96.25 followed by \$92.08, \$89.51, \$86.46 and \$84.37. Meanwhile, resistance is seen at \$115.48, \$119.48 and \$123.68.

Fundamental News: OPEC+ agreed on Sunday to increase its oil output quotas by 206,000 bpd for May, a modest increase that will largely exist on paper as its key members are unable to raise production due to the U.S.-Israeli war with Iran. Sources stated that the OPEC+ quota increase of 206,000 bpd represents less than 2% of the supply disrupted by the Hormuz closure, but it signals readiness to raise output once the waterway reopens. Consultancy Energy Aspects called the increase "academic" as long as disruptions in the strait persist. A separate OPEC+ panel that also met on Sunday, called the Joint Ministerial Monitoring Committee, expressed concern about attacks on energy assets. The panel said the attacks were expensive and time-consuming to repair and impact supply. OPEC+ is scheduled to hold its next meeting on May 3rd.

Bloomberg reported that the war in Iran has increased demand for U.S. oil from overseas toward record levels. However, exports are beginning to reach their limits. Constraints in infrastructure and supply are likely to keep U.S. oil flows well below headline capacity figures often cited at around 10 million bpd. However, analysts said the system has a ceiling of under 6 million bpd. Flows are expected to reach 5 million bpd in April and likely surpass that level in May, with buyers in Asia looking for alternative supplies after the war in Iran disrupted Middle East exports. Bloomberg also reported that freight costs for very large crude carriers have increased, with some routes seeing records, creating a limit on export economics even as dock and pipeline capacity remain available.

Bloomberg News reported that Russia's key Baltic port of Ust-Luga resumed crude loading after days of disruptions amid multiple Ukrainian drone attacks in the region.

Early Market Call - as of 8:50 AM EDT

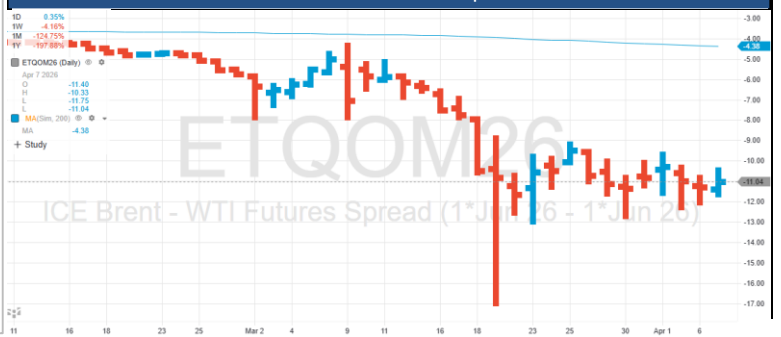
WTI - May \$115.58, up \$2.97
RBOB - Apr \$3.3506, up 5.82 cents
HO - Apr \$4.4974, up 13.28 cents

All NYMEX | Prior Settlements

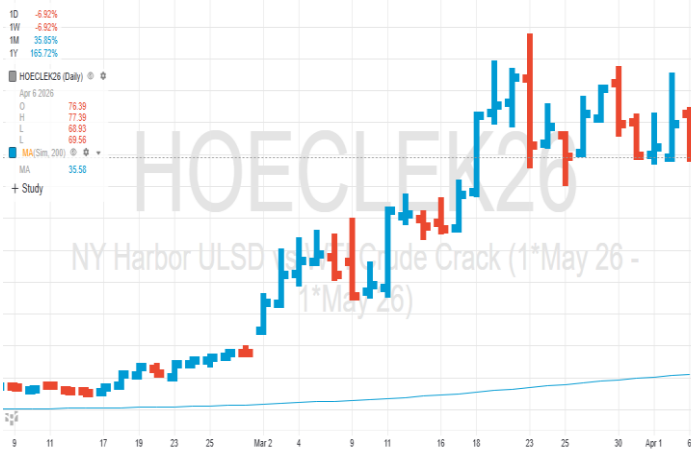
	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-26	4.3284	-0.0327	0.1227
Jun-26	3.9702	-0.0059	0.1610
Jul-26	3.6060	0.0333	0.0542
Aug-26	3.3960	0.0574	0.0097
Sep-26	3.2790	0.0676	0.0015
Oct-26	3.1809	0.0738	-0.0076
Nov-26	3.0843	0.0774	-0.0130
Dec-26	2.9950	0.0803	-0.0109
Jan-27	2.9403	0.0792	-0.0094
Feb-27	2.8918	0.0787	-0.0082
Mar-27	2.8327	0.0779	-0.0071
Apr-27	2.7666	0.0772	-0.0096
May-27	2.7174	0.0763	-0.0088
Jun-27	2.6959	0.0936	0.0099
Jul-27	2.6537	0.0732	-0.0084
Aug-27	2.6340	0.0719	-0.0093
Sep-27	2.6191	0.0701	-0.0094

Sprague HeatCurve October 2026-April 2027		\$2.9427
	Close	Change
Crude - WTI	\$98.4700	\$0.4300
Crude - Brent	\$109.7700	\$0.7400
Natural Gas	\$2.8110	\$0.0110
Gasoline	\$3.3082	\$0.0202

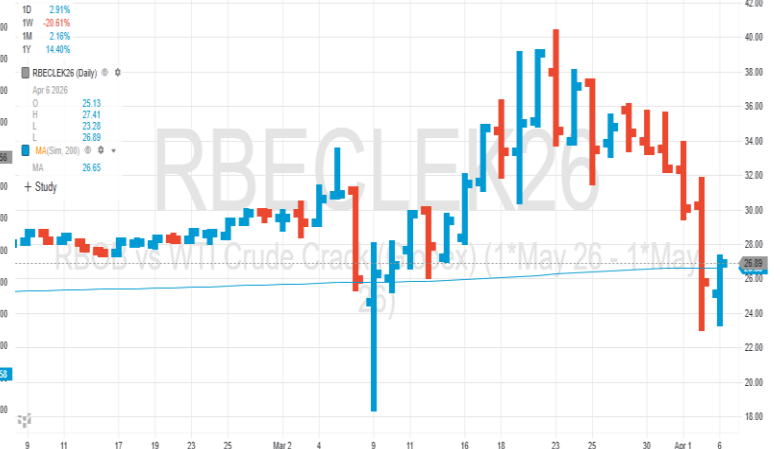
ICE June Brent-WTI Spread



May Heating Oil Crack Spread



May RBOB Crack Spread



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