

Market Commentary

Recap: The crude market on Wednesday sold off sharply on the possibility of a peace agreement between the U.S. and Iran. Early Wednesday morning, Axios reported that the U.S. was expecting Iranian responses on a proposed 14-point memorandum of understanding in the next 48 hours. The proposed one-page memorandum would formally end the war, followed by discussions to unblock shipping through the Strait of Hormuz, lift U.S. sanctions on Iran and agree on curbs on Iran's nuclear program. U.S. President Donald Trump had stated earlier that the U.S. paused its three day old naval mission to reopen the Strait of Hormuz, citing progress in peace talks, while Iran stated that it would only accept a fair and comprehensive agreement. The oil market posted a high of \$102.70 on the opening before it continued on its downward trend. The market extended its losses to over \$13.60 as it retraced more than 62% of its move from a low of \$78.97 to a high of \$110.90 and posted a low of \$88.66 early in the morning. The crude market later bounced off its low and retraced some of its sharp losses as the market awaited Iran's response to the proposed peace agreement as well as the release of the weekly petroleum stocks report. The market traded sideways after the EIA reported draws across the board, with a draw in crude oil stocks of 2.3 million barrels in the latest week. The June WTI contract settled down \$7.19 at \$95.08 and the July Brent contract settled down \$8.60 at \$101.27. The product markets ended the session sharply lower, with the heating oil market settling down 24.46 cents at \$3.7856 and the RB market settling down 16.13 cents at \$3.4593.

Technical Analysis: The oil market will be driven by the latest news regarding the possible peace agreement between the U.S. and Iran and whether Iran has agreed to the proposal. The market is seen finding support at \$88.66, \$87.64, \$87.02, \$85.50, \$80.56, \$78.97 and \$73.56. Meanwhile, resistance is seen at \$97.17, \$99.80, \$102.42, \$102.70, \$105.48, \$107.46 and \$110.93.

Fundamental News: Bloomberg reported that U.S. shale producers are expected to increase their output, responding to President Donald Trump's call to increase oil production. Diamondback Energy Inc. Chief Executive Officer, Kaes Van't Hof, said the company is increasing its output. Diamondback only increased its prewar production guidance 3%. However, across the Permian Basin of Texas and New Mexico, the company expects drillers to add as many as 30 rigs, equating to a 10% increase in activity. Analysts see Diamondback's decision to increase production as an inflection point. Meanwhile Exxon Mobil Corp., the Permian's biggest producer, plans to increase production 12% this year. The company's annual expansion of 200,000 bpd of oil equivalent is about the same as the entire output of a mid-sized operator like Matador Resources Co.

IIR Energy said U.S. oil refiners are expected to shut in about 599,000 bpd of capacity in the week ending May 8th, increasing available refining capacity by 271,000 bpd from the previous week. Offline capacity is expected to fall to 334,000 bpd in the week ending May 15th.

According to AAA, U.S. gasoline prices surpassed \$4.50/gallon for the first time since July 2022, extending their push higher as drivers face further strain from the prolonged conflict in the Middle East.

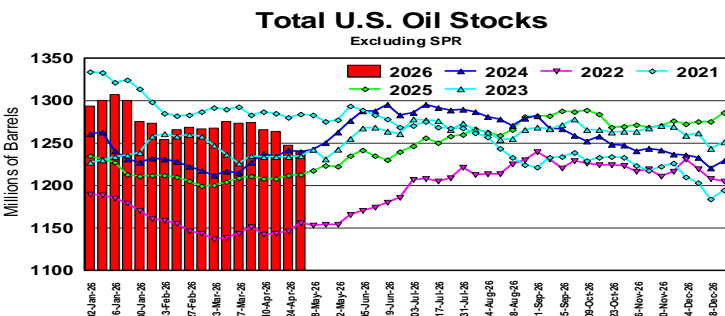
The U.S. Transportation Department said major U.S. airlines spent just over \$5 billion on jet fuel in March, up 56% and \$1.8 billion over February costs. The cost per gallon of fuel in March was \$3.13, up 74 cents, and 31% over February. Fuel use increased 20% in March.

Early Market Call - as of 8:30 AM EDT
WTI - June \$90.58, down \$5.63
RBOB - June \$3.3575, down 11.04 cents
HO - June \$3.6006, down 18 cents

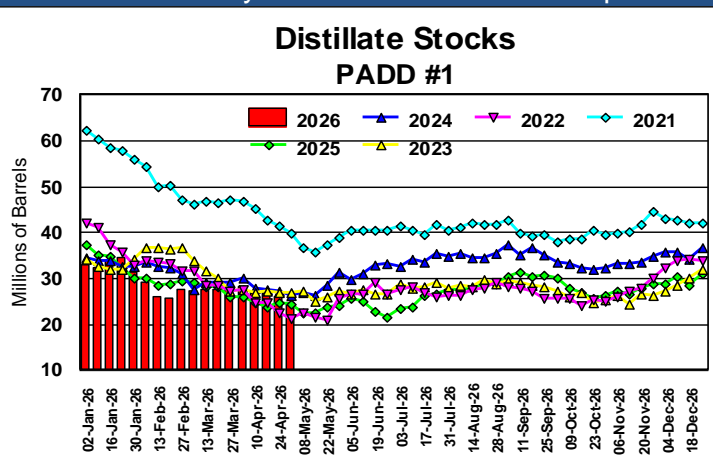
All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
May-26	3.7856	-0.2446	-0.3130
Jun-26	3.6371	-0.2389	-0.2684
Jul-26	3.5215	-0.2131	-0.2127
Aug-26	3.4273	-0.1950	-0.1765
Sep-26	3.3446	-0.1798	-0.1448
Oct-26	3.2592	-0.1640	-0.1124
Nov-26	3.1726	-0.1485	-0.0810
Dec-26	3.1146	-0.1379	-0.0631
Jan-27	3.0570	-0.1287	-0.0506
Feb-27	2.9880	-0.1195	-0.0424
Mar-27	2.9131	-0.1104	-0.0361
Apr-27	2.8546	-0.1035	-0.0323
May-27	2.8075	-0.0987	-0.0284
Jun-27	2.7807	-0.0954	-0.0250
Jul-27	2.7588	-0.0918	-0.0211
Aug-27	2.7433	-0.0866	-0.0142
Sep-27	2.7319	-0.0794	-0.0054

Sprague HeatCurve October 2026-April 2027		\$3.1098
	Close	Change
Crude - WTI	\$91.2300	-\$6.8400
Crude - Brent	\$101.2700	-\$8.6000
Natural Gas	\$2.7300	-\$0.0580
Gasoline	\$3.4593	-\$0.1613



Weekly EIA Petroleum Status Report for the Week Ending May 1, 2026



Overall U.S. Stats
Crude Oil Stocks(excluding SPR) Down 2.3 million barrels
 Cushing, OK Crude Stocks Down 648,000 barrels
Gasoline Stocks Down 2.5 million barrels
Distillate Stocks Down 1.3 million barrels
Refinery % Operated 90.1%, up 0.5%

	PADD #1		
	Week Ending May 1, 2026	Week Ending Apr 24, 2026	Week Ending May 2, 2025
Distillate Stocks (in million bbl)			
New England	2.9	3.4	2.8
Central Atlantic	12.6	12.9	11.5
Total PADD #1	24.6	25.9	24.3
Distillate Imports (thousands b/d)	97	88	84

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