

Market Commentary

Recap: The oil market continued to trend higher on Monday as the prospect for peace in the Middle East continued to fade following drone attacks on the UAE and Saudi Arabia and the rhetoric from the United States and Iran raised concerns of an escalation in the conflict. Over the weekend, Emirati officials said they were investigating the source of the strike on the Barakah nuclear power plant, adding that the UAE had the right to respond to what it said were "terrorist attacks", while Saudi Arabia, which intercepted three drones that entered from Iraqi airspace, warned it would take the necessary operational measures to respond to any attempt to violate its sovereignty and security. Also, on Sunday, Axios reported that President Donald Trump is expected to meet national security advisers on Tuesday to discuss options for military action. The crude market traded higher in overnight trading, trading to \$108.70. However, the market erased its gains and sold off to a low of \$102.65 on news that Pakistan shared with the U.S. a revised proposal from Iran to end the conflict. The market was further pressured on an Iranian news report stating that the U.S. had accepted waiving sanctions on Iranian crude oil temporarily. However, the market bounced off its low and rallied higher ahead of the close to a high of \$109.47. The head of the IEA, Fatih Birol, said that commercial crude oil inventories were depleting rapidly, with only a few weeks of supplies left. The June WTI contract settled up \$3.24 cents at \$108.66 and the July Brent contract settled up \$2.84 at \$112.10. The product markets ended the session higher, with the heating oil market settling up 6.11 cents at \$4.1145 and the RB market settling up 5.88 cents at \$3.7607.

Technical Analysis: The crude market will remain headline driven after President Trump stated that the U.S. was holding off on a planned military attack on Iran scheduled for Tuesday, while adding that the U.S. was ready to resume attacking if a deal is not reached. The market will likely hold its support in light of the IEA comments that world oil stocks are depleting as the Strait of Hormuz remains mostly closed. The oil market is seen finding resistance at \$109.47, \$110.93, \$117.63 and \$119.48. Meanwhile, support is seen at \$102.65, \$101.48, \$99.39, \$98.00, \$96.13, \$93.82, \$89.85 and \$88.66.

Fundamental News: U.S. President Donald Trump said that he was holding off on a planned military attack on Iran scheduled for Tuesday, while efforts continue to reach a deal, adding that the United States was ready to resume attacking if one is not reached. He said he was asked by Qatar, Saudi Arabia and the UAE to hold off on its planned military attack. On Sunday, Axios reported, citing two U.S. officials, that President Donald Trump is expected to hold a Situation Room meeting on Tuesday with his top national security advisers to discuss the options for military action regarding Iran.

Bloomberg reported that about 23 tankers have been spotted around Iran's Kharg Island, the largest cluster to have gathered at the island since the U.S. Navy began a blockade on the country's ports a month ago. The carriers berthed at crude or liquefied petroleum gas loading jetties were visible on satellite images taken on May 16th. The current number of tankers compares to four on April 13th, just before U.S. warships began gathering in the Gulf of Oman to check and stop vessels.

IIR Energy reported that U.S. oil refiners are expected to shut in about 58,000 bpd of capacity in the week ending May 22nd, increasing available refining capacity by 397,000 bpd from the previous week. Offline capacity is expected to increase to 99,000 bpd in the week ending May 29th.

Early Market Call - as of 8:45 AM EDT

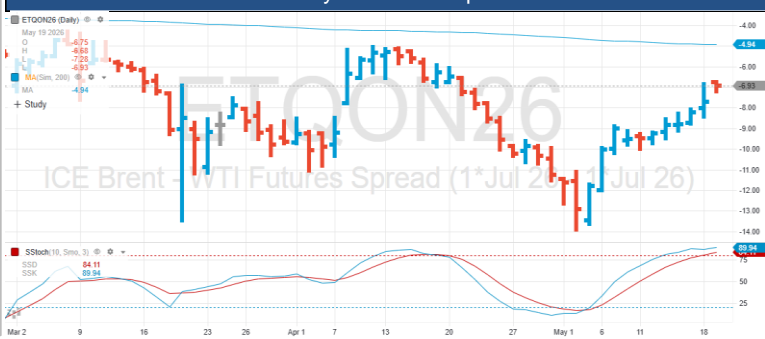
WTI - June \$108.08, up 83 cents
RBOB - June \$3.6935, up 21 points
HO - June \$4.0511, up 54 points

All NYMEX | Prior Settlements

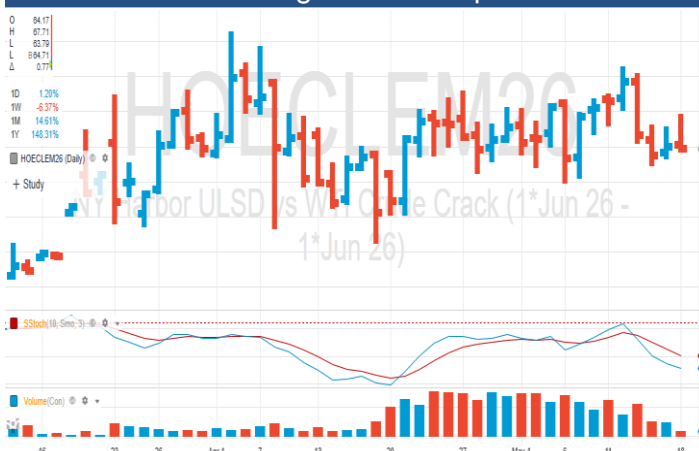
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jun-26	4.1145	0.0611	0.1459
Jul-26	4.0097	0.0885	0.2308
Aug-26	3.8667	0.0879	0.2413
Sep-26	3.7557	0.0909	0.2289
Oct-26	3.6603	0.0923	0.2139
Nov-26	3.5563	0.0908	0.1949
Dec-26	3.4457	0.0883	0.1731
Jan-27	3.3620	0.0836	0.1496
Feb-27	3.2835	0.0777	0.1288
Mar-27	3.1951	0.0717	0.1108
Apr-27	3.1017	0.0657	0.0941
May-27	3.0281	0.0603	0.0805
Jun-27	2.9692	0.0552	0.0695
Jul-27	2.9317	0.0505	0.0615
Aug-27	2.9009	0.0469	0.0555
Sep-27	2.8768	0.0447	0.0498
Oct-27	2.8567	0.0439	0.0440

Sprague HeatCurve October 2026-April 2027		\$3.3570
	Close	Change
Crude - WTI	\$104.3800	\$3.3600
Crude - Brent	\$112.1000	\$2.8400
Natural Gas	\$3.0240	\$0.0640
Gasoline	\$3.7607	\$0.0588

ICE July Brent-WTI Spread



June Heating Oil Crack Spread



June RBOB Crack Spread

