

## Market Commentary

**Recap:** The oil market on Tuesday posted an inside trading day as the market waited for news on whether there would be a deal to extend the current ceasefire between the U.S. and Iran. The crude market traded lower in overnight trading, posting a low of \$90.12 as Iran reviewed a proposed agreement with the U.S. after President Donald Trump said negotiations were continuing and there would be a deal over the next week to extend the ceasefire and reopen the Strait of Hormuz. However, the market bounced off its low early in the morning and never looked back as it extended its gains to over \$1.80 ahead of the close. The market posted a high of \$94 as Iranian media reported that Iran had not communicated with the U.S. for a few days, contradicting President Trump's statement that negotiations were ongoing. Also, while, U.S. Secretary of State Marco Rubio said that Iran agreed to negotiate aspects of its nuclear program that it previously refused to discuss, he added that it was not a guarantee that negotiations would lead to a deal. The July WTI contract settled up \$1.60 at \$93.76 and the August Brent contract settled up \$1.02 at \$96.00. The product markets ended the session higher, with the heating oil market settling up 5.93 cents at \$3.6987 and the RB market settling up 5.96 cents at \$3.1443.

**Technical Analysis:** The crude market will continue to trade sideways as it waits for Iran's response to the U.S. proposal to halt the conflict. The market will also hold its support amid the expectations that the weekly petroleum stocks reports will show a draw of 4 million barrels in crude stocks during the week ending May 29<sup>th</sup>. The oil market is seen finding support at \$90.12, \$88.45, \$86.35, \$86.13, \$84.28 and \$82.50. Meanwhile, resistance is seen at \$94.00, \$94.78, \$95.78, \$98.01, \$99.43, \$102.66, \$104.45, \$104.86 and \$105.21.

**Fundamental News:** Philippe Khoury, ADNOC's executive vice president for sales and trading, said August could mark a tipping point for much higher oil prices if demand increases and the Iran war supply crisis persists and added that it could take up to a year for energy supply chains to recover even after the reopening of the Strait of Hormuz. He said transit through the strait would remain partial and below pre-war levels as long as uncertainty over peace persists. Separately, Bloomberg reported that the United Arab Emirates is considering building an additional pipeline for refined products that would bypass the Strait of Hormuz and carry fuels to the country's east coast. ADNOC's executive vice president for sales and trading said the company, which is already building a crude pipeline to double the capacity of oil it can pump to the port of Fujairah on the UAE's eastern coast, may "potentially" build an oil products pipeline.

Toril Bosoni, the head of the International Energy Agency's oil industry and markets division said global oil inventories could hit critical levels ahead of the peak summer demand period if stock draws continue at their current pace. He said it could take six to eight months in the best-case scenario to reopen the Strait of Hormuz if an agreement was reached today.

Vortexa reported on Monday that crude oil stored on tankers that have been stationary for at least 7 days rose +8.8% w/w to 91.06 million bbls in the week ended May 29.

Goldman Sachs said refined fuel margins are set to remain sharply elevated through 2026 after disruptions around the Strait of Hormuz tightened product markets more than crude. Goldman Sachs expects refined margins to stay 2-3 times higher for the rest of 2026 than 2013-2019 averages with diesel margins exceeding pre-war forecasts by \$19-26/barrel. Global refined product exports were down 4 million bpd year-on-year, led by a lack of Persian Gulf product exports and reduced Asian refinery output. The bank said "We expect gasoline and especially diesel stocks to decline further in the initial Hormuz reopening stage as demand likely recovers more quickly than refined product supply." The bank sees U.S. and EU diesel margins in 2027 averaging \$41 and \$29/barrel, respectively.

**Early Market Call - as of 8:50 AM EDT**

WTI - June \$96.03, up \$2.65

RBOB - June \$3.1757, up 4.86 cents

HO - June \$3.8281, up 15.25 cents

## All NYMEX | Prior Settlements

	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-26	\$3.6987	\$0.0593	\$0.0774
Aug-26	\$3.6360	\$0.0586	\$0.0999
Sep-26	\$3.5816	\$0.0553	\$0.1115
Oct-26	\$3.5270	\$0.0530	\$0.1151
Nov-26	\$3.4575	\$0.0514	\$0.1165
Dec-26	\$3.3775	\$0.0500	\$0.1166
Jan-27	\$3.3212	\$0.0509	\$0.1200
Feb-27	\$3.2634	\$0.0518	\$0.1203
Mar-27	\$3.1931	\$0.0524	\$0.1196
Apr-27	\$3.1153	\$0.0524	\$0.1180
May-27	\$3.0543	\$0.0521	\$0.1162
Jun-27	\$3.0044	\$0.0514	\$0.1135
Jul-27	\$2.9748	\$0.0501	\$0.1114
Aug-27	\$3.9515	\$1.0471	\$1.1092
Sep-27	\$2.9341	\$0.0462	\$0.1081
Oct-27	\$2.9195	\$0.0440	\$0.1070
Nov-27	\$2.9009	\$0.0404	\$0.1062

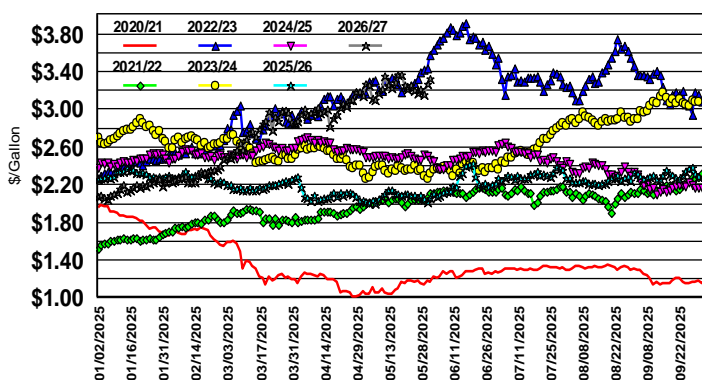
Sprague HeatCurve October 2026-April 2027			\$3.3128
		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$5.53	\$90.4700	\$1.3000
Crude - Brent		\$96.0000	\$1.0200
Natural Gas		\$3.1670	-\$0.0120
Gasoline		\$3.1443	\$0.0596

## API Report for the Week Ending May 29, 2025

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 6.8 million barrels	Down 4 million barrels
Gasoline Stocks	Up 3.5 million barrels	Down 500,000 barrels
Distillate Stocks	Down 214,000 barrels	Down 300,000 barrels
Refinery Runs		Up 0.3%, at 94.5%

## Sprague HeatCurve

Sprague HeatCurve October-April



## WTI Forward Curve

NYMEX WTI Forward Curve

