

Market Commentary

Recap: The oil market continued to trend higher on Wednesday as tensions in the Middle East widened and talks between the U.S. and Iran remained stalled. The market was well supported by the news that Iran launched ballistic missiles towards Kuwait and Bahrain and U.S. forces conducted strikes on Iran's Qeshm Island. Iran's Revolutionary Guards said it attacked the headquarters of the U.S. Fifth Fleet in Bahrain and a U.S. airbase, as well as a vessel identified as Panaya but U.S. Central Command denied its bases had been hit. The crude market continued on its upward trend in overnight trading, posting a high of \$96.98. It retraced more than 50% of its move from a high of \$105.21 to a low of \$86.35. However, the market later gave up some of its gains after U.S. President Donald Trump said Iran agreed to not have a nuclear weapon, adding that Iran's Supreme leader, Mojtaba Khamenei was involved in talks with the U.S. The market settled in a sideways trading range as it held support over the \$95 level amid the larger than expected draw in crude stocks of 8 million barrels in the week ending May 29th. The July WTI contract settled up \$2.26 at \$97.02 and the August Brent contract settled up \$1.81 at \$97.81. The product markets ended the session in mixed territory, with the heating oil market settling up 14.94 cents at \$3.8481 and the RB market settling down 1.27 cents at \$3.1316.

Technical Analysis: The crude market will remain supported in light of the large crude stocks draw and the lack of progress in the talks to end the war in Iran amid the widening tensions in the Middle East. The oil market is seen finding support at \$93.45, \$90.12, \$88.45, \$86.35, \$86.13, \$84.28 and \$82.50. Meanwhile, resistance is seen at \$97.00, \$98.01, \$99.43, \$102.66, \$104.45, \$104.86 and \$105.21.

Fundamental News: U.S. crude stocks fell on strong export and refining demand as the U.S.-Israel war on Iran entered its fourth month, while gasoline and distillate inventories increased last week. The EIA said crude inventories fell by 8 million barrels to 433.7 million barrels in the week ending May 29th, compared with analysts' expectations for a 4 million barrel draw. U.S. energy firms pulled crude from the Strategic Petroleum Reserve for a 10th week in a row, cutting the total amount of oil in the SPR to 357.1 million barrels, the lowest level since January 2024. Total product supplied fell by 610,000 bpd to 20.33 million bpd.

IIR Energy said U.S. oil refiners are expected to shut in about 138,000 bpd of capacity offline in the week ending June 5th, increasing available refining capacity by 99,000 bpd from the previous week. Offline capacity is expected to rise to 144,000 bpd in the week ending June 12th.

The American Fuel and Petrochemical Manufacturers trade group, which represents U.S. refiners, said it had filed a lawsuit challenging the Environmental Protection Agency's biofuel blending mandates, arguing they will sharply increase compliance costs and fuel prices. The lawsuit filed in the D.C. Circuit Court on Friday asks the court to review the final mandates set under the EPA's Renewable Fuel Standard. The mandates, finalized in late March, require oil refiners to blend billions of gallons of ethanol and other biofuels into the nation's fuel supply or buy credits known as Renewable Identification Numbers. The AFPM said it expects compliance could cost more than \$106 billion over two years, or between 26 and 35 cents per gallon for every gallon of gasoline and diesel supplied to the U.S. market. The trade group also argues that the mandates exceed current U.S. production capacity and could force refiners to import fuel and feedstocks, driving up costs that would be passed on to consumers. The AFPM also warned that refiners' rush to comply has increased demand for credits and rapidly drawn down the RIN bank, which could deplete it by 2027.

Early Market Call - as of 8:45 AM EDT

WTI - July \$92.87, down \$3.33

RB0B - July \$3.0409, down 8.8 cents

HO - July \$3.7431, down 9.61 cents

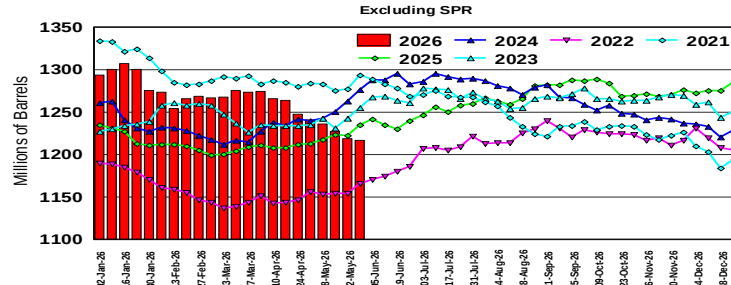
All NYMEX | Prior Settlements

	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-26	3.8481	0.1494	0.3192
Jul-26	3.7769	0.1409	0.3240
Aug-26	3.7119	0.1303	0.3107
Sep-26	3.6476	0.1206	0.2901
Oct-26	3.5703	0.1128	0.2714
Nov-26	3.4841	0.1066	0.2538
Dec-26	3.4231	0.1019	0.2452
Jan-27	3.3625	0.0991	0.2384
Feb-27	3.2902	0.0971	0.2322
Mar-27	3.2104	0.0951	0.2251
Apr-27	3.1478	0.0935	0.2188
May-27	3.0968	0.0924	0.2127
Jun-27	3.0646	0.0898	0.2061
Jul-27	3.0376	0.0861	0.1985
Aug-27	3.0153	0.0812	0.1903
Sep-27	2.9961	0.0766	0.1821
Oct-27	2.9729	0.0720	0.1738

Sprague HeatCurve October 2026-April 2027

	Close	Change
Crude - WTI	\$92.7100	\$2.2400
Crude - Brent	\$97.8100	\$1.8100
Natural Gas	\$3.2140	\$0.0470
Gasoline	\$3.1316	-\$0.0127

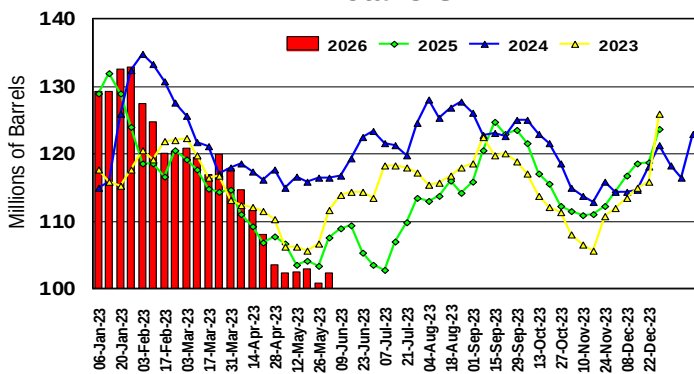
Total U.S. Oil Stocks



Weekly EIA Petroleum Status Report for the Week Ending May 29, 2026

Distillate Stocks

Total U.S.



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 8 million barrels

Cushing, OK Crude Stocks Down 583,000 barrels

Gasoline Stocks Up 3.4 million barrels

Distillate Stocks Up 1.5 barrels

Refinery % Operated 94.7%, up 0.2%

PADD #1

Distillate Stocks (in million bbl)	Week Ending May 29, 2026	Week Ending May 22, 2026	Week Ending May 30, 2025
New England	2.7	3.0	3.0
Central Atlantic	11.2	11.3	11.1
Total PADD #1	22.2	23.7	24.1
Distillate Imports (thousands b/d)	86	61	145