

Market Commentary

Recap: The oil market on Thursday traded lower after a ceasefire deal between Israel and Lebanon raised hopes for a broader agreement to end the U.S.-Israeli war with Iran. Late Wednesday, Israel and Lebanon said they agreed to implement a ceasefire. Iran has made any agreement conditional in part on an end to fighting between Israel and Hezbollah. Also, President Donald Trump suggested on Wednesday that there could be progress in negotiations with Iran as soon as this weekend. The crude market posted a high of \$95.91 on the opening and traded mostly sideways before it breached the \$94 level and sold off more than \$4.10. The market breached a support line and retraced more than 38% of its move from a low of \$91.91 to a high of \$97.00 as it posted a low of \$91.91 early in morning. The market later settled in a sideways trading range during the remainder of the session. The July WTI contract ended the session down \$2.71 at \$90.00 and the August Brent contract ended the session down \$2.78 at \$95.03. The product markets settled in negative territory, with the heating oil market settling down 17.43 cents at \$3.6738 and the RB market settling down 9.33 cents at \$3.0383.

Technical Analysis: The crude market will likely remain cautious ahead of the weekend and trade mostly sideways. It will look to the headlines for further direction as the market focuses on the increased hopes of a resolution to the conflict in the Middle East, while supply issues remain in the background. The oil market is seen finding support at \$91.91, \$91.68, \$90.42, \$90.12, \$88.45 and \$86.35, \$86.13, \$84.28 and \$82.50. Meanwhile, resistance is seen at \$93.25, \$95.35, \$95.91, \$97.00 followed by \$98.01, \$99.43, \$102.66, \$104.45, \$104.86 and \$105.21.

Fundamental News: The number of tankers exiting the Strait of Hormuz has increased in recent weeks, as traders adopt stealth measures to make the crossing. LSEG reported that while this is freeing some of the oil inventories trapped in the Gulf, it does not signal a slow return to normalcy. The near-total closure of Hormuz stranded more than 13 million bpd of oil within the Gulf, forcing producers to shut down oilfields and refineries. According to shipping monitors including LSEG and Kpler, traffic through the strait remains a fraction of pre-war levels, with an average of just three tankers a day crossing the waterway since the conflict began. An analysis of the large volumes stored on tankers inside the Gulf suggests transit activity has quietly accelerated. Shipping analytics firm Vortexa estimates that around 65% of outbound laden tankers transited in "dark" mode in May, showing how widespread the practice has become. According to Kpler data, the volume of oil stored on tankers has declined from a peak of 184 million barrels on March 22nd to around 148 million barrels this week, implying an average drawdown rate of about 500,000 bpd. Since the start of May, depletion has increased to around 710,000 bpd. Flows out of the Gulf, while still constrained, are increasing higher.

Bloomberg reported that the global oil market was oversupplied when the Strait of Hormuz was initially blocked, providing a buffer against the largest disruption in history. The U.S. was quickly able to step in as the supplier of last resort to the rest of the world, exporting at record levels, limiting price gains but rapidly depleting the nation's storage tanks. However, the pace of the drawdown has become unsustainable as summer driving demand in the U.S. increases. This week, Vitol Group said gasoline stockpiles, both in the U.S. and globally, are well below seasonal norms. U.S. inventories of diesel are near their lowest levels since 2003. Goldman Sachs Group Inc. has warned that diesel inventories risk falling to a critical threshold of just 20 days of supply by August. Bloomberg noted that with the supply buffer so uncomfortably thin, a major hurricane this year could push prices back over \$100/barrel.

Early Market Call - as of 8:40 AM EDT

WTI - July \$92.86, down 5 cents
 RBOB - July \$3.0713, up 2.92 cents
 HO - July \$3.6769, up 53 points

All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jun-26	3.6738	-0.1743	0.1217
Jul-26	3.6210	-0.1559	0.1378
Aug-26	3.5703	-0.1416	0.1341
Sep-26	3.5172	-0.1304	0.1229
Oct-26	3.4513	-0.1190	0.1143
Nov-26	3.3762	-0.1079	0.1077
Dec-26	3.3237	-0.0994	0.1076
Jan-27	3.2710	-0.0915	0.1087
Feb-27	3.2063	-0.0839	0.1100
Mar-27	3.1351	-0.0753	0.1117
Apr-27	3.0812	-0.0666	0.1138
May-27	3.0379	-0.0589	0.1156
Jun-27	3.0104	-0.0542	0.1128
Jul-27	2.9868	-0.0508	0.1096
Aug-27	2.9666	-0.0487	0.1046
Sep-27	2.9475	-0.0486	0.0976
Oct-27	2.9251	-0.0478	0.0903

Sprague HeatCurve October 2026-April 2027		Close	Change
Crude - WTI	July Brent-WTI Spread \$5.03	\$90.0000	-\$2.7100
Crude - Brent		\$95.0300	-\$2.7800
Natural Gas		\$3.3360	\$0.1220
Gasoline		\$3.0383	-\$0.0933

EIA Working Gas Storage Report

	29-May-26	22-May-26	Change	29-May-25
East	480	447	33	493
Midwest	573	539	34	574
Mountain	218	213	5	204
Pacific	298	292	6	260
South Central	1009	993	16	1,050
Salt	310	305	5	338
Nonsalt	699	688	11	712
Total	2578	2483	95	2,581

Sprague HeatCurve October-April

