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COMMENTARY: PETROLEUM COMPLEX (WTI | BRENT | ULSD | RBOB)

Crack spreads widened today as gains in refined products, particularly in ULSD, outpaced those in crude futures. Strength today came despite a sharp rally in the US dollar index, up nearly 0.8% as of this writing, and despite losses in US and European shares. The FTSE 100 fell 0.98%, the DAX shed 0.33%, and the CAC 40 lost 0.77% today. In US economic news, the ISM Manufacturing Index was a positive surprise, coming in at 56.1, beating consensus at 54.5 and suggesting expansion in the sector accelerated last month. On the other hand, US construction spending growth of 0.2% in April fell short of expectations at 0.4% - but there were base effects from an upward revision to March data. Finally, the JOLTS showed 11.400m job openings in April, matching expectations. The Dow was down 0.6%, as was the Nasdaq, and the S&P 500 had dropped 0.7% lower this afternoon near the NYMEX close. In the news today, the Wall Street Journal reports that some OPEC members are considering the suspension of Russia's involvement in the OPEC+ production agreement, as Russia is facing production headwinds due to Western sanctions. Such a suspension could result in increased quotas for other OPEC+ parties.

TECHNICAL LEVELS: ULSD (HO)		Price
RESISTANCE	↑	3 \$4.5000
		2 \$4.2500
		1 \$4.1586
SETTLEMENT PRICE		\$4.1433
SUPPORT	↓	1 \$3.8913
		2 \$3.8427
		3 \$3.4452

COMMODITY	OPEN	HIGH	LOW	CLOSE	CHANGE \$	CHANGE %
WTI Crude	\$115.40	\$117.87	\$114.58	\$115.26	+\$0.59	+0.5%
BRENT Crude	\$116.08	\$118.57	\$115.40	\$116.29	+\$0.69	+0.6%
ULSD (HO)	\$4.0200	\$4.1716	\$3.9702	\$4.1433	+\$0.2083	+5.3%
RBOB Gasoline	\$3.9598	\$4.1028	\$3.9373	\$4.0716	+\$0.1554	+4.0%
Natural Gas	\$8.271	\$8.770	\$8.146	\$8.696	+\$0.551	+6.8%

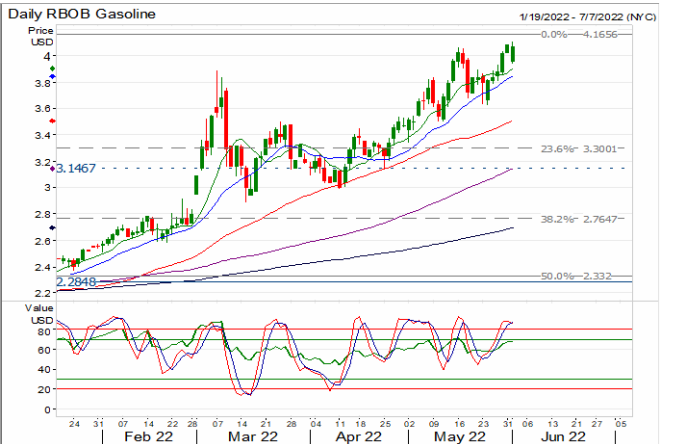
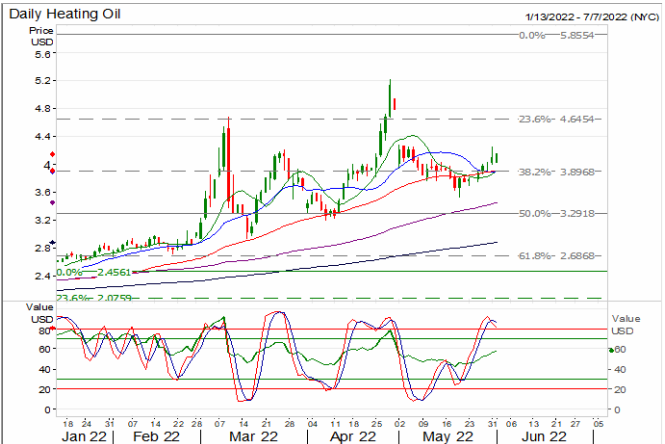
VOLUME	132,865	AVERAGE
RSI	58.3	BULLISH
SLOW STOCHASTICS		OVERBOUGHT
MACD		NEUTRAL
CANDLE STICKS		BULLISH
MOVING AVERAGES		NEUTRAL
ADX	18.2	RISING
TECHNICAL DIRECTION		↑

COMMENTARY: NATURAL GAS | WEATHER | INVENTORIES

NYMEX natural gas prices strengthened today along with international prices and with a slightly stronger US two-week cooling degree day forecast. Dutch TTF prices rose by 35 cents to \$27.72/mmBtu and the Japan/Korea marker prices increased by \$1.45 to \$24.08/mmBtu. In the US cash market yesterday, prices were flat too higher as Transco Zone 6 prices in New York held at \$7.78/mmBtu, but Algonquin citygate prices rose by 23 cents to \$8.15/mmBtu and Henry Hub prices gained 16 cents to hit \$8.46/mmBtu. The Global Forecast System sees 167 CDDs over the next two weeks, up from 164 and well above both the 142 CDDs we saw last year and the 132-CDD 30-year average. Tropical storm activity in the Caribbean Sea is looking imminent, with the NHC granting a strong chance of 70% for tropical cyclone formation over the next 48 hours by an area of low pressure off of the Yucatan Peninsula, moving northeastwards. A second disturbance northeast of the Bahamas is granted only a low 10% chance for tropical cyclone formation over the next two days. The EIA is due to release both natural gas storage and petroleum inventory level data for the week ended May 27 tomorrow. Analysts polled by Reuters are expecting an 86bcf injection into natural gas storage, below last year's 100bcf injection that also matched the five-year average. Crude stocks are expected to see a 1.4mb draw amid a 0.4 percentage point increase in the refinery utilization rate. Small product builds of 0.5mb and 1.0mb for gasoline and distillate, respectively, are the expectation.

ULSD (\$/gallon)	1-Jun	31-May	Change (Δ)	
JUL2	\$4.1433	\$4.0909	↑	\$0.0524 +1.3%
AUG2	\$4.0319	\$3.9350	↑	\$0.0969 +2.5%
SEP2	\$3.9380	\$3.8469	↑	\$0.0911 +2.4%
Strip: 12-Months Ratable	\$3.6225	\$3.5700	↑	\$0.0525 +1.5%
Strip: 9-Months Ratable	\$3.7650	\$3.7033	↑	\$0.0617 +1.7%
Strip: Winter (Oct-Apr)	\$3.4356	\$3.3976	↑	\$0.0380 +1.1%

RBOB GASOLINE and PROPANE				
RBOB (\$/gallon)	1-Jun	31-May	Change (Δ)	
JUL2	\$4.0716	\$4.0804	↓	\$0.0088 -0.2%
AUG2	\$3.8712	\$3.9162	↓	\$0.0450 -1.1%
SEP2	\$3.6752	\$3.7455	↓	\$0.0703 -1.9%
PROPANE (\$/gallon)		31-May	27-May	Change (Δ)
Mt. Belvieu	\$1.2275	\$1.1975	↑	\$0.030 +2.5%
Conway	\$1.3400	\$1.3100	↑	\$0.030 +2.3%



COMMENTARY: ENERGY TECHNICALS (WTI | ULSD | RBOB | NG)

ULSD futures jumped 5.3% higher but in a slight downside session today (lower high with a lower low). We continue to favor the upside, still looking to \$4.1586 (tested today) and then to \$4.2500 for resistance, whereas the 18-day ma (\$3.8913) and then \$3.8427 are expected to offer support. Slow stochastics are still overbought, while the RSI still has plenty of headroom (58.3). Candlesticks point higher and the MACD looks set to cross the zero line and become bullish. RBOB futures gapped lower but went on to post a 4.0% gain in a downside session today - consistent with our neutral/bullish bias which we maintain for now. Slow stochastics crossed for a sell signal in overbought territory, while the RSI is quite neutral and doesn't confirm overbought conditions. Moving averages, the MACD and candlesticks point higher. We continue to see nearby resistance at \$4.1626 (yesterday's high), followed by \$4.2500, while the 9-day ma (\$3.9064) and then the 18-day ma (\$3.8455) are our nearby support levels. WTI futures edged up 0.5% in an inside session (lower high, higher low) - printing a Doji star shaped candlestick. Slow stochastics, the RSI, and candlesticks are neutral, while the MACD and moving averages are bullish. We are going to stick to our flat-to-higher price view for now, still seeing nearby resistance at \$120.00 and then up at \$130.50, with \$113.94 and the 9-day ma (\$112.77) seen offering support. Lastly, natural gas futures jumped 6.8% higher in an inside session with bulls taking out both the 18-day ma (\$8.194) and the 9-day ma (\$8.597). This could be a retracement after yesterday's drop and we are going to keep our neutral/bearish bias for now. We now see nearby resistance at \$8.703 (held up to a test), followed by \$9.000, whereas the 9-day ma and then \$8.061 are our nearby support levels.

CRUDE OIL: WTI				
WTI (\$/barrel)	01-Jun	31-May	Change (Δ)	
JUL2	\$115.26	\$114.67	↑	\$0.59 +0.5%
AUG2	\$112.72	\$111.91	↑	\$0.81 +0.7%
SEP2	\$109.96	\$108.90	↑	\$1.06 +1.0%



NATURAL GAS: HH				
NG (\$/MMBTU)	1-Jun	31-May	Change (Δ)	
JUL2	\$8.6960	\$8.1450	↑	\$0.5510 +6.8%
AUG2	\$8.6860	\$8.1380	↑	\$0.5480 +6.7%
SEP2	\$8.6430	\$8.0970	↑	\$0.5460 +6.7%



ECONOMIC INDICATORS				
INDICATOR	1-Jun	31-May	Change (Δ)	
DJI	32,894	32,990	↓	-95.94 -0.3%
Dollar Index (DXY)	102.50	101.75	↑	0.75 +0.7%
EUR/USD	\$1.0653	\$1.0733	↓	-\$0.0080 -0.7%
Gold	\$1,845.5	\$1,842.7	↑	\$2.8 +0.2%

COMMODITY	Week to:		20-May-2022	
	Current	Previous	Change (Δ)	
Crude Oil (mmbbl)	419.801	420.820	↓	-1.019 -0.2%
Cushing (mmbbl)	24.778	25.839	↓	-1.061 -4.1%
Distillates (mmbbl)	106.921	105.264	↑	1.657 1.6%
East Coast	21.559	22.462	↓	-0.903 -4.0%
Heating Oil	8.789	7.437	↑	1.352 18.2%
East Coast	1.647	1.451	↑	0.196 13.5%
New England	0.007	0.013	↓	-0.006 -46.2%
ULSD	95.404	95.200	↑	0.204 0.2%
East Coast	19.375	20.400	↓	-1.025 -5.0%
New England	2.901	3.268	↓	-0.367 -11.2%
Propane (mmbbl)	46.333	44.517	↑	1.816 4.1%
East Coast	3.335	3.609	↓	-0.274 -7.6%
Refinery Utilization (%)	93.20	91.80	↑	1.400 1.5%
Natural Gas (bcf)	1,812	1,732	↑	80 4.6%

NYMEX FORWARD CURVES				
MONTH	ULSD	RBOB	WTI	NAT GAS
JUL2	\$4.1433	\$4.0716	\$115.26	\$8.696
AUG2	\$4.0319	\$3.8712	\$112.72	\$8.686
SEP2	\$3.9380	\$3.6752	\$109.96	\$8.643
OCT2	\$3.8521	\$3.3854	\$107.32	\$8.614
NOV2	\$3.7653	\$3.1875	\$104.93	\$8.657
DEC2	\$3.6765	\$3.0303	\$102.72	\$8.726
JAN3	\$3.5911	\$2.9091	\$100.70	\$8.797

