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NEWS & ANALYSIS

Petroleum futures had turned south as of this writing in the overnight session on Thursday, seeing losses of between 1.3% (RBOB) and 2.7% (Brent). Crack spreads were widening after narrowing yesterday, and crude futures may have been weighed down by speculation that OPEC+ could agree to allow other producers to make up the shortfall in Russian oil production to some degree. Strength in stocks and weakness in the US dollar may have been helping to limit the downside; weekly petroleum inventories from the American Petroleum Institute (API) were neutral. Market participants looked ahead to the inventory report from the Energy Information Administration (EIA) and to a large set of US economic data releases for further direction.

OPEC+ meets today and had been expected to agree to its typical 432kb/d output ceiling increase, but recently OPEC+ sources have been telling news agencies that allowing other producers to make up for lost Russian oil production is a possibility. The UAE and Saudi Arabia are the two OPEC members with significant spare capacity. In related news, the White House is working on a visit to Saudi Arabia by President Biden. Relations have been strained since the killing of journalist Jamal Khashoggi, as well as with the war in Yemen. In US news, weekly API stock data were neutral. Crude stocks saw a small draw, gasoline stocks were little changed, and distillate inventories saw a build of under one million barrels, all as expected by analysts polled by the Wall Street Journal and Reuters. The more closely-watched EIA report is due at 11:00 this morning.

Asian shares were mixed overnight as the Hang Seng dropped 1.00%, but the Nikkei saw a smaller dip of 0.16%, and as the Shanghai Composite rose 0.42% with lockdown restrictions being lifted this week. In Europe this morning, the London Stock Exchange was closed. Producer price inflation in the Eurozone was softer than expected last month, per a 1.2% monthly rise in the Producer Price Index (2.3% was the consensus forecast). The German DAX was seeing gains of 0.8% and the CAC 40 in France had strengthened 1.1%. Futures for the Dow were up 0.4%, S&P 500 futures had gained 0.5%, and Nasdaq futures were up 0.7% as of this writing. Also supportive for crude, the US dollar index was down 0.3% after a rally over the prior two sessions.

The complex settled flat to higher yesterday, featuring wider crack spreads and gaining despite a rally in the US dollar and losses in US and European shares. Brent crude rose 69 cents higher at \$116.29/bbl and WTI settled 59 cents higher at \$115.26/bbl. RBOB futures jumped 15.54 cents higher to settle at \$4.0716/g, and ULSD (HO) shot up 20.83 cents for a \$4.1433/g settlement. According to Platts, New York Harbor barge ULSD and ULSHO differentials to spot NYMEX strengthened by 1.75 cents to +6.25c/g and -6.00c/g, respectively. Platts' new naming convention for Gulf Coast propane took effect yesterday. Enterprise (formerly non-LST) prices at Mt. Belvieu held steady at 123.500/g, while Energy Transfer (formerly LST, LDH, and TET) prices at the hub shed 25 points, falling to 122.500c/g. Prices in Conway dropped 1.250 cents lower to 121.750c/g.

NYMEX natural gas futures prices jumped 55.1 cents higher yesterday, settling at \$8.696/mmBtu with stronger international prices and a slight upgrade to the US two-week CDD forecast. The EIA is due to release its weekly natural gas storage report this morning, expected to show an 86bcf injection that would fall short of last year's 100bcf rise, which matched the five-year average.

Heating Oil 6/1/2022

June 02, 2022

Heat Curve	Month	Price	Change	Overnight
1.50 %	Jun 2022	4.1433	0.2083	(0.0596)
0.50 %	Jul 2022	4.0319	0.1850	
2.50 %	Aug 2022	3.9380	0.1600	
3.80 %	Sep 2022	3.8521	0.1468	
5.00 %	Oct 2022	3.7653	0.1426	
8.50 %	Nov 2022	3.6765	0.1410	
13.50 %	Dec 2022	3.5911	0.1383	
20.50 %	Jan 2023	3.4958	0.1330	
18.00 %	Feb 2023	3.3911	0.1260	
15.70 %	Mar 2023	3.2844	0.1198	
7.00 %	Apr 2023	3.1925	0.1116	
3.50 %	May 2023	3.1081	0.0983	

Heating Oil Strips (Weighted by HDD)

12 Month Strip	Jun 2022 - May 2023	3.4877
9 Month Strip	Sep 2022 - May 2023	3.4627
Winter Strip	Nov 2022 - Mar 2023	3.4646

RBOB Gasoline 6/1/2022

Month	Price	Change	Overnight
Jun 2022	4.0716	0.1554	(0.0578)
Jul 2022	3.8712	0.1257	
Aug 2022	3.6752	0.1037	
Sep 2022	3.3854	0.0797	
Oct 2022	3.1875	0.0597	
Nov 2022	3.0303	0.0439	
Dec 2022	2.9091	0.0314	
Jan 2023	2.8302	0.0249	
Feb 2023	2.7951	0.0256	
Mar 2023	2.9420	0.0347	
Apr 2023	2.8996	0.0318	

DOE Stocks	5/20/2022	vs 5-year avg.	(000 bbls)
Crude	419,801	-68,137	
Distillate	106,921	-28,993	
Gasoline	219,707	-18,269	

Other	Price	Change	Overnight
Crude Oil (Jul 2022)	115.2600	0.5900	(3.0100)
Natural Gas (Jul 2022)	8.6960	0.5510	0.2600
Propane - Mont Belvieu	1.2263		

	Price	vs. NYMEX HO
NYH ULSD	4.2058	0.0625
NYH ULSHO	4.0833	(0.0600)
NY Harbor #2	3.6783	(0.4650)