Archer Financial Services, Inc.

Energy Brief

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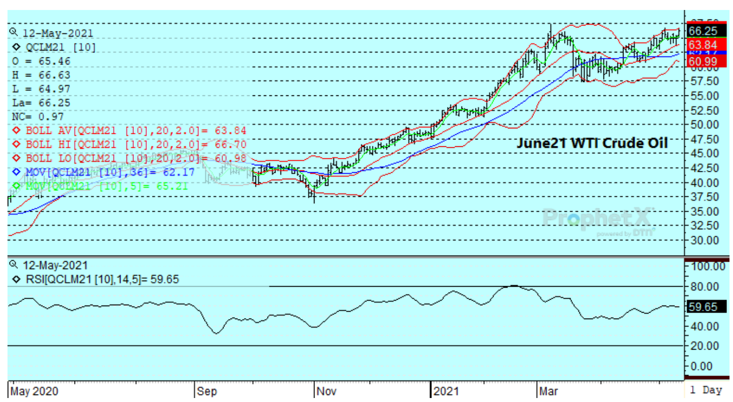
Price Overview

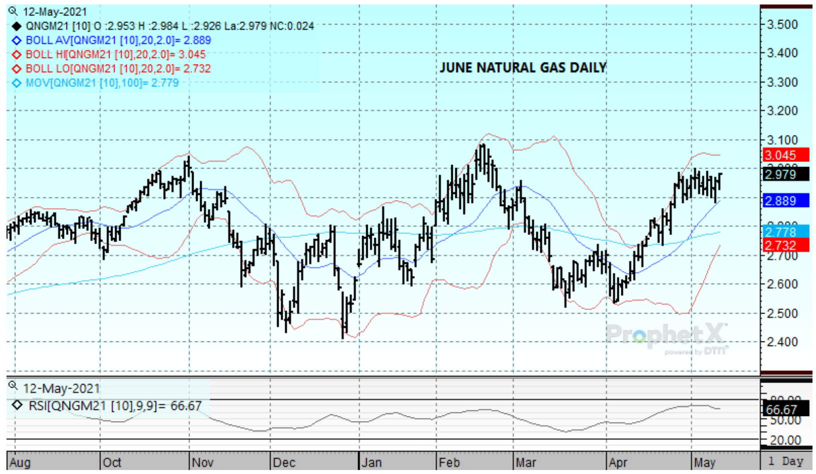


The petroleum complex traded higher with good support developing in response to the IEA Monthly Report on ideas that second half demand, despite the problems related to COVID in India, was expected to increase by as much as 5.4 mb/d as vaccinations continue to expand and the pandemic comes under control. The forecast points to an expansion in production of 3.8 mb/d from April to December suggesting a draw in inventories as the year progresses. Refinery throughput is expected to ramp up into August as mobility continues to increase. OECD stock levels have continued to fall to a marginal 1.7 mb above the 2016-2020 average but are still 37 mb above the levels in the 2015-2019 period. The drawdown has been attributed to easing mobility restrictions, robust economic activity, the increasing pace of vaccinations, and the restrained production stance by OPEC+. The IEA expects demand to surge to as high as 99.6 mb/d by year end from only 93.1 mb/d in the first quarter. The progress of the Iran nuclear talks will be watched closely, along with recent reports that Russian compliance had fallen below 100 percent with respect to the OPEC+ curbs.

The DOE report was generally discounted with attention focused on next week's report due to the impact the Colonial Pipeline shutdown will have on product stocks and refinery utilization. Today's report showed crude inventoris down by .4 mb, gasoline up .4 and distillate off 1.7. Total petroleum stocks increased by 3.9 mb. Net imports of crude recovered from last week's low to

3.7 mb. Refinery utilization was 86.1 percent, off slightly from 86.5 last week. The shutdown of some crude distillation units this past week due to the ransomware attack should lead to further pressure on utilization rates. We still see key resistance near the 67.00-67.50 area basis June.

Natural Gas



The market managed to violate the 2.90 support level, but only briefly, as the June traded down to an intraday low at 2.881 yesterday before quickly recovering to move back to the upper end of the recent range. Prices traded higher for most of the session today and ended with a gain of just over a penny. Underlying support emanated from a bounce back in Mexican exports to 6.6 bcf today along with slightly lower production levels. Tomorrow's storage report is expected to show a 76 bcf build in stocks compared to the 5 year average injection of 81. With the recent consolidation and the market trading at the upper end of the range, a downside surprise on the storage number could lead to a test of the 3.00 level with potential to 3.08. The 2.90 level continues to offer firm support on breaks.