

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil prices slid on Thursday as U.S. President Joe Biden announced the largest release of oil from the country's strategic petroleum reserve ever on Thursday, an aggressive move that makes up for part of the drop in Russian oil exports and should help to keep a lid on prices. The barrels will start to flow starting in May. Oil futures plunged 5% on the news of the latest U.S. reserve draws while OPEC+ stuck to a modest deal to slowly ramp up output. The decision is not without risk. Yet it could be the least-bad option to keep oil prices down at a time when private and state-owned oil companies are pumping too little oil and demand is rising. The other near-term options entail making major foreign policy decisions based largely on oil imports, or allowing prices to hit a breaking point that could spark a recession. WTI crude for May delivery fell \$7.54, or 7%, to settle at \$100.28 a barrel. For the month, however, prices rose 4.8%, and ended the quarter over 33% higher. ICE Brent Crude for May delivery fell \$5.44, or 4.88%, to settle at \$107.91, however, it gained \$30.13 per barrel, or 38.74% to \$107.91 this quarter. April heating oil shed 11.73 cents, or 3.08%, to settle at \$3.6912, up \$1.36 per gallon for the quarter. April RBOB ended down 13.54 cents, or 4.07% at \$3.1896 a gallon, but gained 96.11 cents per gallon, or 13% this quarter.

**Technical Analysis:** May WTI opened just below unchanged, but once it dipped below the 10-day moving average, the move to the downside accelerated. This front month contract gathered enough steam to fall below \$100, where it found support at the 50-day moving average. This market has not fallen below the 50-day moving average since December, making this technical indicator a strong area of support. As of now, the symmetrical triangle we spoke about in previous reports still remains in effect and as a result we could see this market trade sideways. Should we get a significant break below the 50-day moving average, we could see this market dip toward \$95 and possibly \$90. Resistance is set at \$106.49 and above that at \$111.4.

**Fundamental News:** On Thursday, OPEC and allies including Russia agreed to another modest monthly oil output boost, resisting pressure to produce more. OPEC+ will raise output by about 432,000 bpd in May. On Wednesday, the Joint Technical Committee which advises OPEC+ decided to stop using IEA data, replacing it with reports from Wood Mackenzie and Rystad Energy.

Meanwhile, OPEC+ warned the global economy would see a major blow from a prolonged conflict in Ukraine. It said "Consumer and business sentiment is expected to decline not only in Europe, but also in the rest of the world, when only accounting for the inflationary impact the conflict has already caused." It said the IEA's decision to release 61.7 million barrels of oil stocks has failed to calm market volatility. It said downside economic risks have become more pronounced, with "conflict in Eastern Europe" leading to higher prices and escalating inflation. It said sustained conflict will lead to a decline in consumption, investments, impact the currency markets, equities and repricing of debt. OPEC+ put 2022 global demand growth forecast of 4.2 million bpd under revisions due to "geopolitical turmoil".

The White House announced that U.S. President Joe Biden's administration plans to release 1 million bpd oil from the SPR over the next six months. Earlier, a spokesperson for New Zealand's Energy Minister said IEA member countries are set to meet on Friday to decide on a collective oil release.

According to the EIA, U.S. oil production fell in January by 2% to 11.6 million bpd, the lowest since September 2021. U.S. oil production for December was revised up by 20,000 bpd to 11.587 million bpd. U.S. total oil demand in January increased by 6.1% on the year or 1.136 million bpd and by 10.4% on the month to 19.731 million bpd. Gasoline demand in January increased by 4.1% on the year and by 13.9% on the month to 7.982 million bpd, while distillate demand increased by 3.7% on the year and by 1.1% on the month to 4.081 million bpd.

**Early Market Call - as of 9:00 AM EDT**

WTI - May \$99.02, down \$1.23

RBOB - May \$3.1152, down 3.57 cents

HO - May \$3.3874, up 2.72 cents

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-22	3.6912	-0.1173	-0.4622
May-22	3.3609	-0.0961	-0.4421
Jun-22	3.2009	-0.1161	-0.3359
Jul-22	3.1091	-0.1211	-0.2499
Aug-22	3.039	-0.1118	-0.2017
Sep-22	2.9901	-0.0988	-0.2506
Oct-22	2.9529	-0.0905	-0.1499
Nov-22	2.9162	-0.0861	-0.1287
Dec-22	2.8866	-0.0819	-0.1098
Jan-23	2.8613	-0.0773	-0.0938
Feb-23	2.8377	-0.0705	-0.0815
Mar-23	2.8103	-0.0642	-0.0704
Apr-23	2.778	-0.0611	-0.0633
May-23	2.7527	-0.0555	-0.0535
Jun-23	2.7317	-0.0498	-0.0454
Jul-23	2.7154	-0.0456	-0.0403
Aug-23	2.7014	-0.0427	-0.0362

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	May Brent-	\$100.2800	-\$7.5400
Crude - Brent	WTI Spread	\$107.9100	-\$5.5400
Natural Gas	\$7.63	\$5.6420	\$0.0370
Gasoline		\$3.1896	-\$0.1354

## EIA Working Gas Storage Report

	25-Mar-22	18-Mar-22	Change	25-Mar-21
East	268	268	0	307
Midwest	317	318	-1	402
Mountain	89	87	2	112
Pacific	161	157	4	194
South Central	581	559	22	747
Salt	169	156	13	224
Nonsalt	412	404	8	522
Total	1,415	1,389	26	1,762

## WTI Forward Curve

## ICE June Brent-WTI Spread

