

## Market Commentary

**Recap:** Oil futures retreated on Thursday, as investors booked profits after prices surged by 21% over the past five sessions to their highest level in two weeks. Prices fell as EU leaders failed to agree to cut Russian energy links with Germany, the key opponent of an embargo. Without an EU embargo of Russian oil, it is believed that sanctions were unlikely to have a major impact on the oil market. An increase in margins for Brent by ICE led weak longs to liquidate positions, adding to the pressure on the market. May WTI fell 2.59 or 2.25% to \$112.34 a barrel, while May Brent shed \$2.47, or 2.11%, to settle at \$119.03 a barrel. Petroleum products finished mixed, with April RBOB falling .0490 cents to \$3.3897 a gallon, while heating oil added .0386, to settle at \$4.1534 a gallon.

**Technical Analysis:** Although market sentiment is still bullish, traders are starting to get restless as they await a decision by the European Union and its stance on importing Russian crude oil. Yesterday's weekly EIA data continues to provide price support as it showed large, across-the-board declines in US inventories of the three top categories -- crude-oil, gasoline and distillates. With this market showing signs of exhaustion, as it had gotten a bit ahead of itself, we would look for more of a pullback and use it as a buying opportunity. Support is seen at \$110 and below that at \$108. A sustained move above \$115 puts this market on track for reaching \$125.

**Fundamental News:** U.S. Energy Secretary, Jennifer Granholm, said the United States and its allies are discussing a possible further coordinated release of oil from storage to help calm oil markets in the wake of Russia's invasion of Ukraine. IEA member states agreed to release over 60 million barrels of oil reserves earlier this month in a bid to lower prices which have hit the cost of living and spurred inflation. Speaking alongside Granholm, IEA Executive Director Fatih Birol said the earlier release constituted just 4% of the total storage of its member countries, which includes 31 mostly industrialized countries but not Russia. Birol said IEA countries were united in seeking to radically reduce Russian oil and gas imports, describing a demand by Russian President Vladimir Putin on Wednesday that "unfriendly" countries pay for natural gas in rubles as a "security threat".

OPEC sources stated that OPEC officials believe a possible European Union ban on oil from its partner Russia over the invasion of Ukraine would hurt consumers and the group has conveyed its concerns to Brussels.

Oil exports via the Caspian Pipeline Consortium pipeline will partially resume oil loadings from its Black Sea terminal on Thursday after successful inspection of single port mooring.

Worsening diesel shortages in the United States and the rest of the world are increasing upward pressure on petroleum prices and threaten to recreate the conditions that led to the record price spike in 2008. The EIA reported that U.S. distillate stocks have declined in 52 of the last 79 weeks by a total of 67 million barrels, and are at the lowest for the time of year since 2014 and before that 2008. U.S. distillates inventories are 20% below the pre-pandemic five-year average for 2015-2019 compared with deficits of 11% in crude and 1% in gasoline. If stocks move in line with seasonal patterns over the last ten years, inventories are expected to fall to a low of 104 million barrels before the middle of the year, which would make them as tight as they were in 2008. Similar distillate shortages have emerged in Europe and Asia as the rapid recovery in consumption after the pandemic has outrun increased output of crude oil and refinery production of diesel. In consequence, distillate prices are leading the entire oil market higher, with upward pressure on diesel prices spilling over into the adjacent market for gasoline and the upstream market for crude.

**Early Market Call - as of 8:05 AM EDT**

WTI - May \$109.87, down \$2.47  
 RBOB - Apr \$3.3444, down 4.40 cents  
 HO - Apr \$4.0892, down 5.09 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-22	4.1534	0.0386	0.6660
May-22	3.803	-0.0143	0.5093
Jun-22	3.5368	-0.0354	0.3967
Jul-22	3.359	-0.042	0.3185
Aug-22	3.2407	-0.0458	0.2700
Sep-22	3.1644	-0.0468	0.1937
Oct-22	3.1028	-0.0479	0.2144
Nov-22	3.0449	-0.0488	0.1948
Dec-22	2.9964	-0.0479	0.1846
Jan-23	2.9551	-0.0471	0.1759
Feb-23	2.9192	-0.0474	0.1658
Mar-23	2.8807	-0.0473	0.1556
Apr-23	2.8413	-0.0469	0.1460
May-23	2.8062	-0.0462	0.1340
Jun-23	2.7771	-0.0468	0.1229
Jul-23	2.7557	-0.0487	0.1123
Aug-23	2.7376	-0.0488	0.1029

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	May Brent-	\$112.3440	-\$2.5900
Crude - Brent	WTI Spread	\$119.0300	-\$2.5700
Natural Gas	\$6.69	\$3.3897	-\$0.0490
Gasoline		\$4.1534	\$0.0386

## EIA Working Gas Storage Report

	18-Mar-22	11-Mar-22	Change	18-Mar-21
East	268	290	-22	310
Midwest	318	337	-19	408
Mountain	87	87	0	112
Pacific	157	155	2	194
South Central	559	571	-12	731
Salt	156	159	-3	212
Nonsalt	404	412	-8	519
Total	1,389	1,440	-51	1,755

## Sprague HeatCurve October-April

## ICE May Brent-WTI Spread

