

## Market Commentary

**Recap:** The oil market continued on its upward trend on Tuesday amid a new wave of attacks on Russian and Ukrainian energy facilities and escalating tensions in the Middle East. Ukraine struck Tatneft's Taneco refinery, causing a fire that was soon extinguished. The drone attack on the refinery came after Russia carried out overnight raids against Ukraine's energy network. The oil market was also well supported as Iran vowed to punish Israel for an airstrike on its embassy in Syria that killed a top military commander. The crude market opened 33 cents higher at \$84.04 and posted a low of \$83.85. However, the market rallied higher and posted a high of \$85.46 amid the geopolitical concerns. The market later erased some of its sharp gains and traded towards the \$84.00 level before further buying ahead of the close pushed the market above the \$85.00 once again. The May WTI contract settled up \$1.44 at \$85.15 and the June Brent contract settled up \$1.50 to 88.92. The product markets ended the session higher, with the heating oil market settling up 8.48 cents at \$2.7119 and the RB market settling up 4.89 cents at \$2.7589.

**Technical Analysis:** The crude market on Wednesday is seen remaining well supported amid the escalating tensions in the Middle East. The market will also look to the weekly petroleum stocks reports for further direction. The inventory reports are expected to show a small build in crude stocks and draws in product stocks. The market will also focus on the OPEC+ meeting on Wednesday, even though the group is not expected to make any changes to its output agreement. The market is seen finding resistance at its high of \$85.46 followed by the \$86.00 level and \$86.30. Meanwhile, support is seen at \$84.25, \$84.15, \$83.85, \$82.60, \$82.20 and \$81.52. More distant support is seen at \$80.55, \$80.42, \$80.30, \$80.01 and \$79.15.

**Fundamental News:** Iranian President, Ebrahim Raisi, said Iran will retaliate for a suspected Israeli air strike against its consulate in the Syrian capital Damascus, after seven Iranian military commanders were killed in an attack. Suspected Israeli warplanes bombed Iran's embassy in Syria on Monday in a strike that Iran said killed seven of its military advisers, including three senior commanders, marking a major escalation in Israel's war with its regional adversaries.

Bloomberg reported that near-term market gauges for Brent and U.S. crude have flipped over the past week to reflect more demand for bullish call options than bearish puts. The WTI second month call skew, which shows what traders will pay for options that profit from an increase in prices versus a decline, switched on Tuesday for the first time since November. The change underscores the magnitude of bullish sentiment for crude.

Five OPEC+ sources stated that an OPEC+ ministerial panel is unlikely to recommend any oil output policy changes at a meeting on Wednesday as oil prices reached their highest level this year. OPEC+ will hold an online joint ministerial monitoring committee meeting on April 3<sup>rd</sup> to review the market and members' implementation of output cuts they have already agreed to extend. Two of the sources said they expected a straightforward meeting, citing the earlier decision to extend output cuts. On Friday, Russia's Russian Deputy Prime Minister Alexander Novak said Russia has decided to focus on reducing oil output rather than exports in the second quarter in order to evenly spread production cuts with other OPEC+ member countries. When the voluntary curbs expire at the end of June, the total cuts by OPEC+ are set to decline to 3.66 million bpd as agreed in earlier steps starting in 2022.

Trans Mountain will complete construction of the final segment of its Canadian oil pipeline expansion in April. The pipeline expansion will nearly triple the flow of crude from Alberta to Canada's Pacific Coast to 890,000 bpd. The pipeline, scheduled to be in service in the second quarter, is expected to raise Canadian crude prices just as producers increase production.

**Early Market Call - as of 8:45 AM EDT**

WTI - May \$85.71, up 56 cents  
 RBOB - May \$2.7798, up 2.09 cents  
 HO - May \$2.7545, up 4.26 cents

## All NYMEX | Prior Settlements

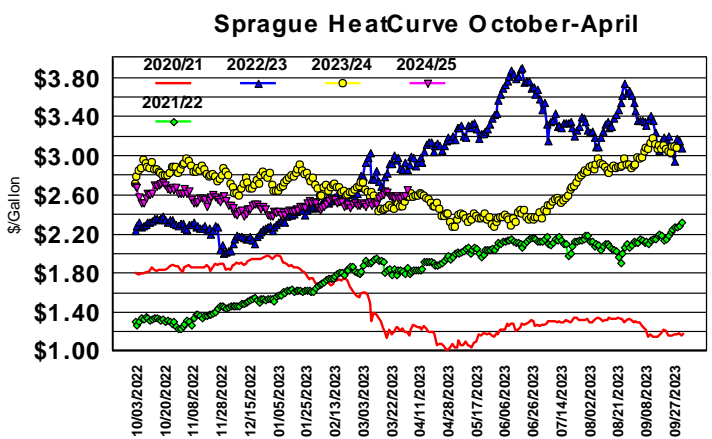
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-24	2.7119	0.0848	0.0960
Jun-24	2.7050	0.0792	0.0976
Jul-24	2.6991	0.0737	0.0966
Aug-24	2.6938	0.0685	0.0939
Sep-24	2.6925	0.0656	0.0922
Oct-24	2.6914	0.0638	0.0914
Nov-24	2.6839	0.0617	0.0902
Dec-24	2.6693	0.0601	0.0904
Jan-25	2.6574	0.0586	0.0907
Feb-25	2.6391	0.0565	0.0892
Mar-25	2.6147	0.0538	0.0865
Apr-25	2.5859	0.0513	0.0850
May-25	2.5666	0.0483	0.0831
Jun-25	2.5496	0.0446	0.0796
Jul-25	2.5375	0.0417	0.0773
Aug-25	2.5274	0.0393	0.0753
Sep-25	2.5197	0.0366	0.0730

Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	June Brent-WTI Spread \$4.70	\$84.2200	\$1.4000
Crude - Brent		\$88.9200	\$1.5000
Natural Gas		\$1.8620	\$0.0250
Gasoline		\$2.7589	\$0.0489

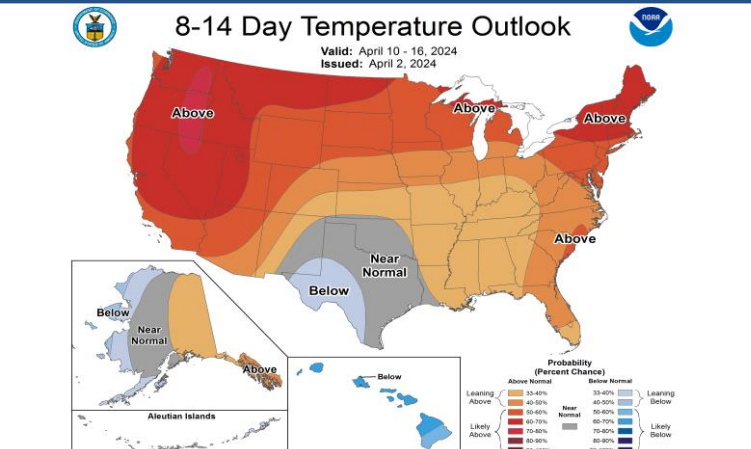
### API Report for the Week Ending March 22, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 2.3 million barrels	Up 600,000 barrels
Gasoline Stocks	Down 1.5 million barrels	Down 800,000 barrels
Distillate Stocks	Down 2.6 million barrels	Down 900,000 barrels
Refinery Runs		Down 0.3%, at 88.4%

## Sprague HeatCurve October-April



## 8-14 Day Weather Forecast



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