

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** On Monday, the oil market continued to trend sideways following the long Easter holiday weekend as it continued to trade within last Tuesday's trading range from \$79.61 to \$81.81. The market opened 15 cents lower and quickly rallied to a high of \$81.22 as looming supply cuts from Saudi Arabia and other OPEC+ producers offset concern about weakening global growth that may dampen fuel demand. However, the market erased some of its gains and sold off to \$79.71 early in the session. The market, which held support at its previous lows traded in a yo-yo fashion as it traded back towards its high before selling off to a low of \$79.61 ahead of the close. The market's gains may have been limited by the news of Saudi Arabia supplying full crude contract volumes in May to several North Asian buyers despite its pledge to cut output by 500,000 bpd. The May WTI contract settled below the \$80 level, down 96 cents at \$79.74 and the June Brent contract settled down 94 cents at \$84.18. The product markets ended the session mixed, with the heating oil market settling up 2.09 cents at \$2.6814 and the RB market settling down 54 points at \$2.8079.

**Technical Analysis:** The crude market remains mired in its recent trading range we have previously mentioned from \$79.00 to \$82.00 as traders are still on the sidelines until there is a clearer picture on the global growth outlook. Technically, the market is seen finding support at its low of \$79.61 followed by its gap from \$79.00 to \$75.72. More distant support is seen at \$75.07, \$73.77, \$73.03, \$72.61, \$72.19 and \$70.98. Meanwhile, resistance is seen at \$80.20, \$80.54 followed by its highs of \$81.22-\$81.24 and \$81.81. Further resistance is seen at \$82.64, \$83.34, \$85.45 and \$87.51.

**Fundamental News:** Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Friday, April 7<sup>th</sup> stood at 35,955,008 barrels, down 288,531 barrels on the week and by 336,486 barrels from Tuesday, April 4<sup>th</sup>.

RBC Capital Markets cut its Brent price forecast for 2023 to \$88.84/barrel from a previous estimate of \$95.56/barrel and its WTI forecast for 2023 to \$84.45/barrel from a previous estimate of \$92.06/barrel. RBC said that while China's recovery post COVID remains in focus, recessionary fears loom in the background as commodity markets await further signals surrounding global demand strength.

Several sources said Saudi Aramco will supply full crude contract volumes in May to several North Asian buyers despite its pledge to cut output by 500,000 bpd. This comes after the OPEC and allies, known as OPEC+, surprised markets last week by announcing an extra output cut of 1.16 million bpd from May for the rest of the year. Saudi Aramco's monthly allocation was being keenly watched by investors as an indicator of whether planned output cuts could tighten supplies in Asia. People are wondering whether the additional voluntary cut will actually affect supply or whether it is designed just to shore up oil prices. Asia's oil demand had been expected to weaken in the second quarter as several refiners in Asia, namely Sinopec, South Korea's third largest refiner and Aramco affiliate S-Oil Corp, Japan's Fuji Oil and Idemitsu Kosan are shutting a combined 1.15 million bpd of crude distillation capacity in May. Meanwhile, the Abu Dhabi National Oil Company has informed at least three buyers in Asia that it will supply full contractual volumes of crude in June. The UAE plans to cut 144,000 bpd from May as part of the OPEC+ cuts.

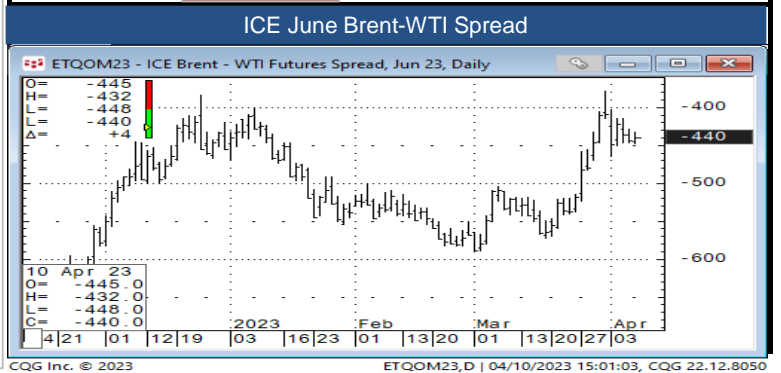
IIR Energy reported that U.S. oil refiners are expected to shut in about 1.1 million bpd of capacity in the week ending April 14<sup>th</sup>, increasing available refining capacity by 179,000 bpd. Offline capacity is expected to fall to 939,000 bpd in the week ending April 21<sup>st</sup>.

**Early Market Call - as of 8:25 AM EDT**

WTI - May \$79.80, up 6 cents  
 RBOB - May \$2.7960, down 1.29 cents  
 HO - May \$2.6399, down 4.15 cents

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-23	2.6814	0.0209	0.0188
Jun-23	2.6287	0.0165	0.0104
Jul-23	2.6139	0.0095	0.0033
Aug-23	2.6112	0.0059	0.0028
Sep-23	2.6116	0.0042	0.0029
Oct-23	2.6108	0.0039	0.0039
Nov-23	2.6045	0.0050	0.0049
Dec-23	2.5957	0.0072	0.0069
Jan-24	2.5897	0.0097	0.0095
Feb-24	2.5803	0.0112	0.0110
Mar-24	2.5630	0.0114	0.0105
Apr-24	2.5367	0.0107	0.0084
May-24	2.5195	0.0099	0.0058
Jun-24	2.5049	0.0099	0.0036
Jul-24	2.4992	0.0123	0.0028
Aug-24	2.4923	0.0127	0.0008
Sep-24	2.4861	0.0129	0.0019

Sprague HeatCurve October 2023-April 2024			\$2.5834
		Close	Change
Crude - WTI	June Brent- WTI Spread \$4.41	\$79.7700	-\$0.9100
Crude - Brent		\$84.1800	-\$0.9400
Natural Gas		\$2.1720	\$0.1610
Gasoline		\$2.8079	-\$0.0054



## May Heating Oil Crack Spread

## May RBOB Crack Spread

