

## Market Commentary

**Recap:** The oil market on Monday continued to trend higher in overnight trading following the news that Russia halted its exports to Poland via the Druzhba pipeline on Saturday. The market posted a high of \$76.82 before it erased some of its gains as it held resistance at \$77.02, basis a downward trendline. The crude market sold off to \$75.01 following the release of U.S. durable goods data, which showed an overall 4.5% month on month decline in new durable goods orders. The market was pressured by a large decline in the transportation sector, which accounts for two-thirds of all oil demand. New transportation equipment orders declined by 13.3%. The oil market later retraced some of its losses only to see the market give up its gains once again and sold off to a new low of \$74.99 ahead of the close. Following two back-to-back session gains, the April WTI contract settled down 64 cents at \$75.68, while the April Brent contract settled down 71 cents at \$82.45. The product markets ended higher, with the heating oil market settling up 2.36 cents at \$2.8198 and the RB market settling up 96 points at \$2.3683.

**Technical Analysis:** The crude market is still seen trending sideways as the market remains concerned over the possibility of further interest rate increases, which could slow economic growth and oil demand. The oil market is seen finding resistance at \$76.66, basis a trendline, its high of \$76.82 followed by \$77.51 and \$78.25. However, support is seen at its lows of \$74.99, \$74.09, \$73.83-\$73.80, \$72.36, basis a trendline and \$72.25.

**Fundamental News:** BofA Global Research sees the reopening of China resulting in Brent crude prices averaging \$88/barrel in 2023, down from a previous forecast of \$100/barrel and \$90/barrel in 2024. It said it sees \$88/barrel Brent in 2023 as low shale growth, OPEC+ discipline and China's reopening counteract resilient Russian output. It added that if Europe and the U.S. avoid a recession, world oil consumption could increase year on year by 1.8 million bpd in 2023 and 1.4 million bpd in 2024.

Goldman Sachs sees Brent crude prices averaging \$90/barrel in the second quarter of 2023, down from its previous forecast of \$105/barrel. It forecast oil prices will gradually increase to \$100/barrel by December, where it is expected to remain in 2024, assuming OPEC increases output by 1 million bpd in the second half of the year. It said if OPEC were to stay put, then Brent would likely reach \$107/barrel in December.

Vitol's Chief Executive Officer, Russell Hardy, said "Demand is expected to hit record levels in the second half of the year." He added "The prospect of higher prices in the second half of the year, in the sort of \$90-\$100 range, is a real possibility."

IIR Energy reported that U.S. oil refiners are expected to shut in about 1,542,000 bpd of capacity in the week ending March 3<sup>rd</sup>, increasing available refining capacity by 359,000 bpd. Offline capacity is expected to increase to 1,586,000 bpd in the week ending March 10<sup>th</sup>.

Colonial Pipeline is allocating space for Cycle 14 on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina.

Refinitiv analysts said Northwestern European gasoline shipments to the U.S. and West Africa are lagging behind January and year-ago levels due to ample inventories and winter storms set to quell the recover from last week. Refinitiv is tracking 298,000 tons of loadings this week on the two major routes, down from 308,000 tons last week. So far, February liftings total 1.55 million tons, down from 2.17 million tons shipped out in January. Refinitiv also reported that diesel imports into Europe from Asia, the Middle East, the U.S. and Russia before the EU ban on Russian imports took effect on February 5<sup>th</sup> are set to reach 6.5 million tons in February, down from 7.15 million tons in January. Imports from Asia and the Middle East in February are on course to reach a record 4.22 million tons.

**Early Market Call - as of 8:30 AM EDT**

WTI - April \$77.52, up \$1.84

RBOB - March \$2.40, up 3.17 cents

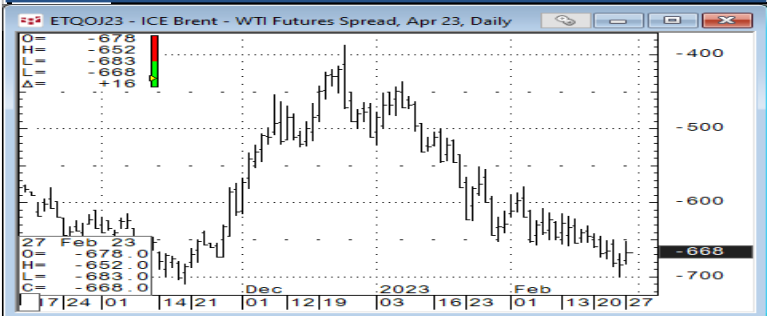
HO - March \$2.8524, up 3.26 cents

## All NYMEX | Prior Settlements

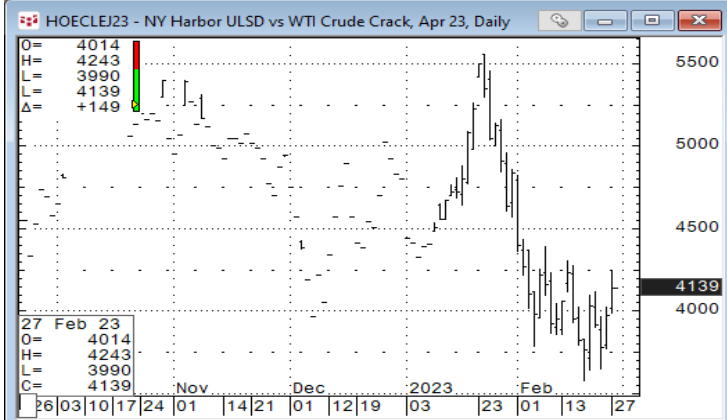
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-23	2.8198	0.0236	0.1077
Apr-23	2.8003	0.0332	0.0985
May-23	2.7409	0.0209	0.0613
Jun-23	2.6949	0.0115	0.0363
Jul-23	2.6719	0.0055	0.0239
Aug-23	2.6600	0.0032	0.0161
Sep-23	2.6571	0.0034	0.0126
Oct-23	2.6535	0.0031	0.0100
Nov-23	2.6475	0.0016	0.0079
Dec-23	2.6387	0.0002	0.0072
Jan-24	2.6319	-0.0008	0.0071
Feb-24	2.6225	-0.0010	0.0080
Mar-24	2.6070	-0.0011	0.0100
Apr-24	2.5834	-0.0001	0.0114
May-24	2.5705	0.0009	0.0128
Jun-24	2.5591	0.0013	0.0129
Jul-24	2.5506	0.0016	0.0117

Sprague HeatCurve October 2023-April 2024			\$2.6266
		Close	Change
Crude - WTI	Apr Brent-WTI Spread \$6.77	\$75.6800	-\$0.6400
Crude - Brent		\$82.4500	-\$0.7100
Natural Gas		\$2.7310	\$0.1830
Gasoline		\$2.3683	\$0.0096

### ICE April Brent-WTI Spread



### April Heating Oil Crack Spread



### April RBOB Crack Spread

