

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market posted an outside trading day as the market whipsawed on Monday amid worries of a possible banking crisis. The market traded to a high of \$77.47 in overnight trading due to a weaker dollar. However, the market gave up its gains and sold off sharply as the collapse of Silicon Valley Bank raised fears of a new financial crisis. On Sunday, state regulators closed New York-based Signature Bank. The sudden shutdown of SVB Financial triggered concerns about risks to other banks from sharp rate hikes by the Fed over the last year but also spurred speculation about whether the central bank could slow the pace of its monetary tightening. The oil market extended its losses to over \$4.30 as it sold off to a low of \$72.30 at the bottom of its one-month trading range. The market later bounced off its low and traded in a range from \$74.30 to \$76.30 during the remainder of the session. The April WTI contract settled down \$1.88 at \$74.80, the lowest level since February 22nd while the May Brent contract settled down \$2.01 at \$80.77. The product markets also ended the session lower, with the heating oil market settling down 1.14 cents at \$2.7615 and the RB market settling down 5.44 cents at \$2.5914.

Technical Analysis: The oil market on Tuesday is seen trading sideways ahead of the release of the consumer price report. The Federal Reserve will likely have a harder time raising rates aggressively following the collapse of SVB, which should cause some weakness in the dollar and thus support the oil market. The crude market is seen finding support at \$73.06, its low of \$72.30 and \$72.25. More distant support is seen at \$70.25 and \$70.08. Meanwhile, resistance is seen at \$76.26, \$77.25 and its high of \$77.47. More distant resistance is seen at \$78.06, \$78.15, \$80.24 and \$80.94.

Fundamental News: The EIA reported that U.S. total shale regions oil production for April is forecast to increase by 69,000 bpd to 9.214 million bpd, the highest level since December 2019. In March, total shale output increased by 86,000 bpd. It reported that U.S. Bakken oil production for April is seen up 18,000 bpd at 1.163 million bpd, the highest level since March 2022, following an increase of 19,000 bpd in March. Eagle Ford oil production for April is seen up 9,400 bpd at 1.132 million bpd, the highest level since April 2020 following an increase of 11,000 bpd in March and Permian Basin oil production for April is seen increasing by 26,000 bpd to 5.622 million bpd, the highest level since December 2022 following an increase of 35,000 bpd in March.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1,273,000 bpd of capacity in the week ending March 17th, increasing available refining capacity by 274,000 bpd. Offline capacity is expected to fall to 1,127,000 bpd in the week ending March 24th.

Colonial Pipeline Co is allocating space for Cycle 17 on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina. The current allocation is for the pipeline segment north of Collins, Mississippi.

Fitch Ratings increased its oil price assumptions on expectation that geopolitical issues will extend the period before prices moderate towards lower, long-term levels. It said its 2023 Brent and long-term oil price assumptions remain unchanged.

U.S. President Joe Biden pledged on Monday to do whatever was needed to address a banking crisis threatened by the collapses of Silicon Valley Bank and Signature Bank, which forced regulators to step in with emergency measures.

Early Market Call - as of 8:30 AM EDT

WTI - April \$73.52, down \$1.28

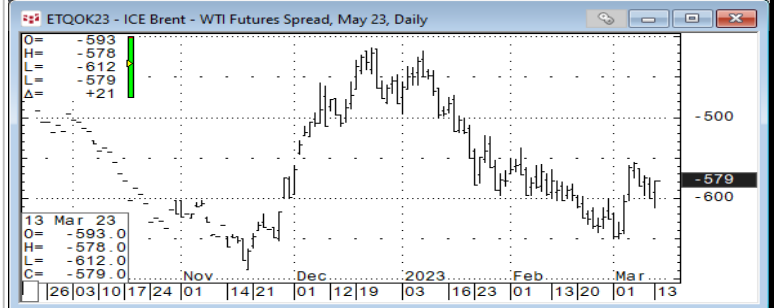
RBOB - April \$2.5802, down 1.12 cents

HO - April \$2.7577, down 38 points

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-23	2.7615	-0.0114	-0.1251
May-23	2.6850	-0.0338	-0.1540
Jun-23	2.6351	-0.0412	-0.1585
Jul-23	2.6147	-0.0439	-0.1583
Aug-23	2.6080	-0.0435	-0.1556
Sep-23	2.6086	-0.0421	-0.1516
Oct-23	2.6084	-0.0410	-0.1479
Nov-23	2.6047	-0.0407	-0.1448
Dec-23	2.5965	-0.0403	-0.1423
Jan-24	2.5907	-0.0392	-0.1395
Feb-24	2.5820	-0.0374	-0.1364
Mar-24	2.5674	-0.0352	-0.1327
Apr-24	2.5468	-0.0322	-0.1283
May-24	2.5351	-0.0294	-0.1256
Jun-24	2.5245	-0.0262	-0.1241
Jul-24	2.5163	-0.0243	-0.1220
Aug-24	2.5084	-0.0226	-0.1192

Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	May Brent-	\$74.9100	-\$1.8700
Crude - Brent	WTI Spread	\$80.7700	-\$2.0100
Natural Gas	\$5.86	\$2.6060	\$0.1760
Gasoline		\$2.5914	-\$0.0544

ICE May Brent-WTI Spread



April Heating Oil Crack Spread

April RBOB Crack Spread

