

## Market Commentary

**Recap:** The crude oil market on Wednesday continued on its downward trend as concern over fuel demand were prompted by expectations that the minutes of the U.S. Federal Reserve's last policy meeting would indicate a need for higher interest rates. The crude market posted a high of \$76.55 in overnight trading before it breached its previous low of \$75.90 and sold off to \$74.95. The market retraced some of its overnight losses before it fell sharply lower ahead of the release of the Fed minutes. The oil market later extended its losses to over \$2.30 as it breached its support at \$74.30, its downward channel line, and sold off to \$73.85 ahead of the close. The April WTI contract settled down \$2.41 at \$73.95 and continued to trade lower, posting a low of \$73.80 during the post-settlement period. The market saw the largest one-day decline in nearly three weeks. Meanwhile, the April Brent contract settled down \$2.45 at \$80.60. The product markets ended the session lower, with the heating oil market settling down 7.71 cents at \$2.7148 and the RB market settling down 7.8 cents at \$2.3376.

**Market Analysis:** The oil market, which settled in negative territory for the sixth consecutive session and breached a support line, will likely retrace some of its losses as it awaits the release of the weekly petroleum stock reports before it continues on its downward trend. Builds in crude stocks and rate fears raising concerns of oil demand destruction will continue to pressure the oil market. The crude market is seen finding support at its low of \$73.80, followed by \$73.62, \$72.64 and \$72.25. Meanwhile, resistance is seen at \$74.86, \$76.25, its high of \$76.55, \$77.74, \$78.06 and \$78.50.

**Fundamental News:** Morgan Stanley has raised its global oil demand growth estimate for this year by about 36%, citing growing momentum in China's reopening and a recovery in aviation, but flagged higher supply from Russia as an offsetting factor. The bank said global oil consumption is now expected to increase by about 1.9 million bpd compared with its previous 1.4 million bpd forecast. It stated that supply from Russia has been stronger than expected, leading to a slightly smaller than previously assumed deficit in the second half of the year, cutting Brent oil price forecast for that period to \$90-100/barrel from a previous estimate of \$100-110/barrel.

The Caspian Pipeline Consortium said it had suspended some oil flows to its Black Sea terminal. It said the intake of oil from the Tengiz oilfield had been halted and pumping to the sea terminal had also been stopped. Oil continued to be received via two pumping stations, Atyrau in Kazakhstan and Komsomolsky in Russia, but at reduced volumes.

IIR Energy said U.S. oil refiners are expected shut in about 1,741,000 bpd of capacity in the week ending February 24<sup>th</sup>, increasing available refining capacity by 10,000 bpd. Offline capacity is expected to fall to 1,444,000 bpd in the week ending March 3<sup>rd</sup>.

According to the minutes from the January 31<sup>st</sup>-February 1<sup>st</sup> meeting, a majority of Federal Reserve officials agreed at the meeting to slow the pace of increases in the U.S. central bank's benchmark overnight interest rate to a quarter of a percentage point, but also agreed the risks of high inflation remained a "key factor" shaping monetary policy and warranted continued rate increases until it was controlled. It said "participants generally noted that upside risks to the inflation outlook remained a key factor shaping the policy outlook," and that interest rates would need to move higher and stay elevated "until inflation is clearly on a path to 2%." The minutes showed the Fed navigating towards a possible endpoint to its current rate increases, at once slowing the pace in order to more cautiously approach a possible stopping point while also leaving open just how high rates will ultimately rise in the event inflation does not slow.

**Early Market Call - as of 8:35 AM EDT**

WTI - April \$74.84, up 89 cents  
 RBOB - March \$2.3388, up 12 points  
 HO - March \$2.7248, up 1 cent

## All NYMEX | Prior Settlements

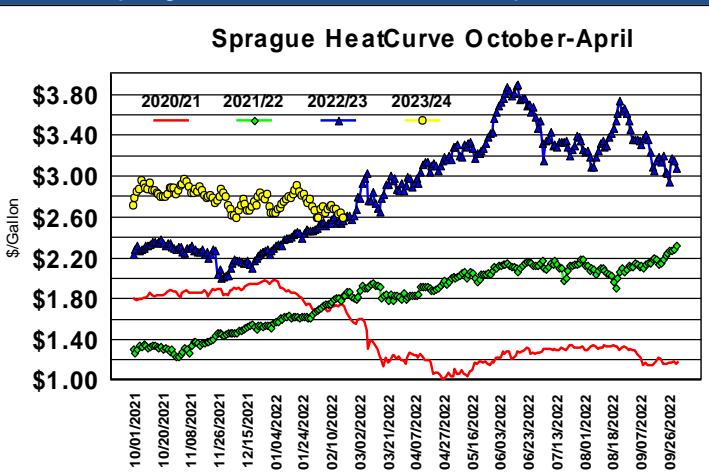
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-23	\$2.7148	-\$0.0771	-\$0.2253
Apr-23	\$2.7018	-\$0.0718	-\$0.2068
May-23	\$2.6669	-\$0.0675	-\$0.1882
Jun-23	\$2.6342	-\$0.0667	-\$0.1738
Jul-23	\$2.6170	-\$0.0649	-\$0.1630
Aug-23	\$2.6084	-\$0.0631	-\$0.1543
Sep-23	\$2.6076	-\$0.0616	-\$0.1482
Oct-23	\$2.6057	-\$0.0601	-\$0.1430
Nov-23	\$2.6014	-\$0.0588	-\$0.1378
Dec-23	\$2.5936	-\$0.0573	-\$0.1324
Jan-24	\$2.5874	-\$0.0557	-\$0.1266
Feb-24	\$2.5773	-\$0.0538	-\$0.1219
Mar-24	\$2.5597	-\$0.0517	-\$0.1176
Apr-24	\$2.5347	-\$0.0486	-\$0.1104
May-24	\$2.5210	-\$0.0457	-\$0.1037
Jun-24	\$2.5103	-\$0.0440	-\$0.0983
Jul-24	\$2.5025	-\$0.0434	-\$0.0965

Sprague HeatCurve October 2023-April 2024			\$2.5806
		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$6.41	\$74.1900	-\$2.3400
Crude - Brent		\$80.6000	\$2.4500
Natural Gas		\$2.1740	\$0.1010
Gasoline		\$2.3376	-\$0.0780

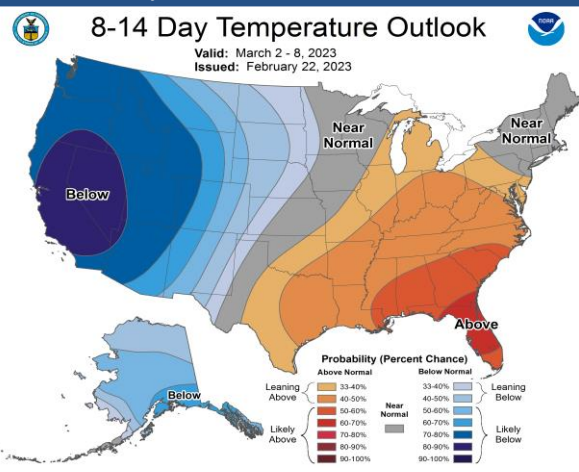
## API Report for the Week Ending February 17, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 9.9 million barrels	Up 2.1 million barrels
Gasoline Stocks	Up 890,000 barrels	Up 100,000 barrels
Distillate Stocks	Up 1.37 million barrels	Down 1.1 million barrels
Refinery Runs		Down 0.2% at 86.3%

## Sprague HeatCurve October-April



## 8-14 Day Weather Forecast



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