

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market on Tuesday ended the session mostly sideways as the market weighed the OPEC+ production cut against weak economic data. In overnight trading, the market extended its previous gains following the surprising decision by OPEC+ to cut production by 1.66 million bpd from May until the end of 2023, bringing the total volume of cuts by OPEC+ to 3.66 million bpd, including a 2 million bpd cut agreed to last October. The market traded sideways before it breached its previous high as it posted a high of \$81.81 early in the session. However, the market erased some of its gains amid some weak economic data. The Commerce Department reported that U.S. manufacturing activity fell in March to the lowest level in nearly three years as new orders fell. The market sold off to a low of \$79.61 by mid-day. The oil market later retraced some of its losses and settled in a sideways trading range ahead of the close. The May WTI contract ended the session up 29 cents at \$80.71 and the June Brent contract settled up 1 cent at \$84.94. Meanwhile, the product markets ended the session mixed, with the heating oil market settling up 41 points at \$2.6667 and the RB market settling down 2.04 cents at \$2.7371.

Market Analysis: The crude oil market is seen remaining supported ahead of the release of the weekly petroleum stock reports, which are expected to show draws across the board, with a large draw in crude stocks. The market is seen finding support at its low of \$79.61 and its remaining gap from \$79.00 to \$75.72 and \$75.07. More distant support is seen at \$73.77, \$73.03, \$72.61, \$72.19 and \$70.98. Meanwhile, resistance is seen at its high of \$81.81, \$82.64, \$83.34 followed by more distant upside at \$85.45 and \$87.51.

Fundamental News: Goldman Sachs says crude oil production cuts by OPEC could result in a significantly larger deficit in the market, driving a rally in prices to \$100/barrel by April 2024, and raising the group's pricing power. Goldman said it sees "elevated OPEC pricing power, the ability to raise prices without significantly hurting its demand, as the key economic driver", and estimates that the production cut will raise OPEC+ revenues as the increase to prices more than offsets the drop in volumes. Goldman also said it expects a nearly 90% implementation rate for the 1.16 million bpd production cut plan, reasoning that countries that announced an additional cut have a strong compliance track record, and had implemented nearly 90% of the October 2022 cut by January 2023. The bank further reiterated its view that the market will return to sustained deficits from June onward given rapid emerging market growth, falling Russia supply, and sluggish U.S. supply. On Monday, Goldman Sachs raised its price forecast for Brent for December 2023 by \$5 to \$95/barrel. Separately, Barclays said it sees a \$5 upside to its \$92/barrel price target, while Jefferies noted Brent prices could still end the year at \$96/barrel.

Fitch Ratings said OPEC+ output cuts will support short-term prices and may push the market into a deficit. It assumes Brent prices will average \$85/barrel in 2023. Fitch said the OPEC+ output cuts increases the chances that the market could switch into a deficit in the second half of 2023 particularly due to recovering consumption in China.

S&P Global is estimating the EIA could be under reporting crude inventories by between 100,000 b/d and 300,000 b/d largely because of the field condensate that is often collected in gas pipelines and introduced into the crude stream as light hydrocarbons.

According to Refinitiv tracking, global seaborne diesel export to Europe this week are at around 2.84 million tons. However, this could fall as it includes about 1.31 million tons of Russian barrels. Diesel exports for Europe scheduled for April so far are estimated at 4.2 million tons with no sign of abatement in shipments from Russia. This compares with about 6.5 million tons in March.

Early Market Call - as of 8:35 AM EDT

WTI - May \$80.35, down 35 cents

RBOB - May \$2.7543, up 1.72 cents

HO - May \$2.6715, up 48 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-23	2.6667	0.0041	0.0206
Jun-23	2.6237	0.0054	0.0557
Jul-23	2.6157	0.0051	0.0702
Aug-23	2.6140	0.0056	0.0757
Sep-23	2.6143	0.0056	0.0769
Oct-23	2.6126	0.0057	0.0761
Nov-23	2.6047	0.0051	0.0719
Dec-23	2.5935	0.0047	0.0678
Jan-24	2.5847	0.0045	0.0631
Feb-24	2.5735	0.0042	0.0586
Mar-24	2.5558	0.0033	0.0536
Apr-24	2.5307	0.0024	0.0483
May-24	2.5155	0.0018	0.0438
Jun-24	2.5024	0.0011	0.0388
Jul-24	2.4968	0.0004	0.0359
Aug-24	2.4914	-0.0001	0.0325
Sep-24	2.4835	-0.0007	0.0280

Sprague HeatCurve October 2023-April 2024

	Close	Change
Crude - WTI	\$80.7700	\$0.2800
Crude - Brent	\$84.9400	\$0.0100
Natural Gas	#####	\$0.0090
Gasoline	Jan-00	\$2.7371

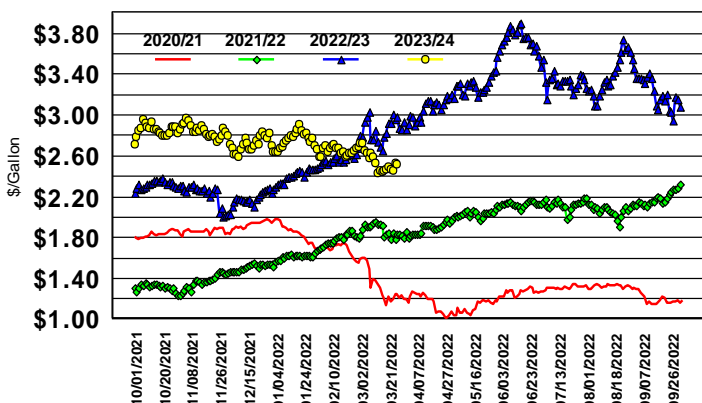
API Report for the Week Ending March 31, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 4.3 million barrels	Down 10.4 million barrels
Gasoline Stocks	Down 4.0 million barrels	Down 1.3 million barrels
Distillate Stocks	Down 3.7 million barrels	Down 140,000 barrels
Refinery Runs		Up 0.3% at 90.6%

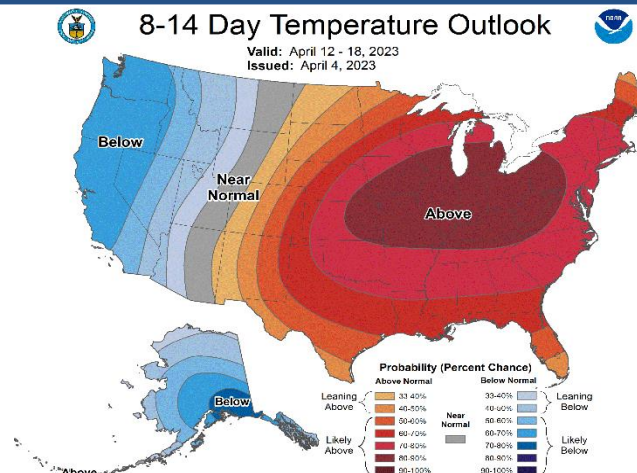
Sprague HeatCurve October-April

8-14 Day Weather Forecast

Sprague HeatCurve October-April



8-14 Day Temperature Outlook



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