

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures fell on Monday, extending last week's loss, as the number of rising cases of COVID-19 in India heightened concerns about demand. With OPEC and its allies due to meet later this week, traders are anxiously awaiting to see what actions, if any the group will take. There are some estimates that the situation in India could possibly lead to a 300,000 barrel per day drop in demand. OPEC+ will most certainly weigh their options in light of the rising number of cases and will also focus on the Iranian nuclear talks and the potential return of the country's crude oil output to the market. June WTI fell 23 cents, or 0.37%, to settle at \$61.91 a barrel, while Brent for June delivery lost 46 cents, or 0.7%, to settle at \$65.65 a barrel. May RBOB fell 0.9%, to \$1.98 a gallon, while May heating oil added 0.3% to settle at \$1.88 a gallon.

Technical Analysis: Oil futures continue to struggle to the upside, pulling back from the highs of the day. WTI has been finding it difficult to hold above \$62.27, the top of the sideways pattern that dates back to the middle of March. With India, the world's third largest importer of crude oil, crippled by the surge in the coronavirus, demand will continue to suffer, making it difficult for oil prices to gain traction on the upside. That being said, we would look for similar activity, which is for prices to try and post gains, but struggling to do so. Resistance is set at \$62.27 and above that at \$65. Support is seen at \$61.75 and below that at \$60.

Fundamental News: The OPEC+ joint technical committee (JTC) kept the forecast for growth in global oil demand unchanged at a meeting on Monday. OPEC expects global oil demand to increase by 5.95 million bpd this year. It is concerned about the increasing COVID-19 cases in India and elsewhere, including in Japan and Brazil. It warned that the COVID surge may "derail" oil demand recovery. The committee expects global oil inventories to fall by 1.2 million bpd on average this year. The oil inventory surplus will fall to 8 million barrels by the second quarter.

Libya's National Oil Corporation has lifted a force majeure on Hariga port after settling a dispute over its budget with the new Government of National Unity. National Oil Corporation's subsidiary Arabian Gulf Oil Company, this month said it was suspending output because it had not received any state financing since September. Force majeure was declared by NOC on April 19th. NOC said the government would allocate 1 billion dinars or \$225 million as part of an agreement reached to end the force majeure declared on exports through Hariga. Libya's oil production fell by 300,000 bpd to 1 million bpd because of the budgetary issues, NOC said last week.

U.S. imports of European gasoline fell by 34% on the week to a five-week low in the week ending April 22nd. Gasoline arrivals fell to 402,000 bpd, the lowest level since the week ending March 18th, from 610,000 bpd in the previous week. Ten tankers discharged a total of 2.3 million barrels on the U.S. East Coast and two tankers arrived with 481,000 barrels in the Gulf Coast.

Analysts said demand has already recovered to 95% of pre-virus levels and will reach a new peak of 101.5 million bpd between April and August.

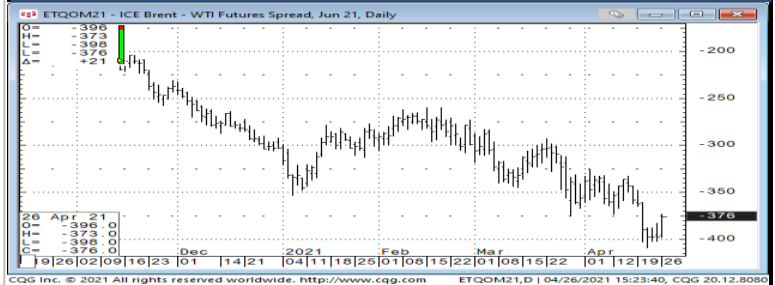
Early Market Call - as of 8:25 AM EDT

WTI - June \$62.44, up 53 cents
 RBOB - May \$1.9985, up 1.99 cents
 HO - May \$1.9007, up 2.22 cents

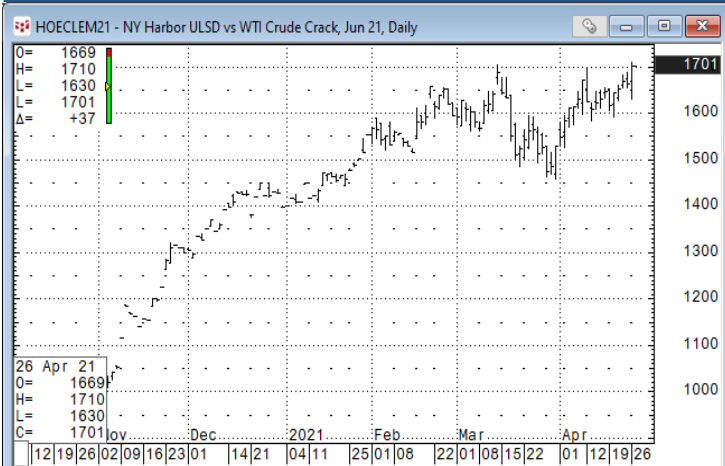
| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| May-21 | 1.8785 | 0.0050 | 0.0140 |
| Jun-21 | 1.8808 | 0.0051 | 0.0139 |
| Jul-21 | 1.8824 | 0.0041 | 0.0152 |
| Aug-21 | 1.8848 | 0.0031 | 0.0158 |
| Sep-21 | 1.8893 | 0.0029 | 0.0151 |
| Oct-21 | 1.8932 | 0.0031 | 0.0147 |
| Nov-21 | 1.8962 | 0.0033 | 0.0143 |
| Dec-21 | 1.8973 | 0.0037 | 0.0134 |
| Jan-22 | 1.8988 | 0.0039 | 0.0124 |
| Feb-22 | 1.8972 | 0.0043 | 0.0114 |
| Mar-22 | 1.8913 | 0.0048 | 0.0103 |
| Apr-22 | 1.8806 | 0.0052 | 0.0090 |
| May-22 | 1.8754 | 0.0057 | 0.0073 |
| Jun-22 | 1.8723 | 0.0065 | 0.0055 |
| Jul-22 | 1.8738 | 0.0067 | 0.0053 |
| Aug-22 | 1.8756 | 0.0069 | 0.0048 |
| Sep-22 | 1.8782 | 0.0071 | 0.0040 |

| Sprague HeatCurve October 2021-April 2022 | | \$1.8948 |
|---|-----------|-----------|
| | Close | Change |
| Crude - WTI | \$61.9100 | -\$0.2300 |
| Crude - Brent | \$65.6500 | -\$0.4600 |
| Natural Gas | \$2.7900 | \$0.0600 |
| Gasoline | \$1.9786 | -\$0.0171 |

ICE June Brent-WTI Spread



June Heating Oil Crack Spread



June RBOB Crack Spread

