

## Market Commentary

**Recap:** Oil futures jumped on Wednesday on tight supplies, as U.S. crude oil stockpiles surprisingly fell 3.4 million barrels last week and on the possibility of additional sanctions against Russia, despite peace talks taking place between Moscow and Kyiv. May Brent traded as high as \$114.65 a barrel, a gain of \$4.42, or 4%, while May WTI reached a session high of \$108.75, up \$4.51, or 3.2%. Traders once again tacked on a war premium to the prices of crude oil. Russia is demanding that some buyers pay in ruble. Oil futures pared gains as the session closed in on the settlement period, with May WTI closing at \$107.82 a barrel, up \$3.58 or 3.43%. Brent Crude for May delivery gained \$3.22 per barrel, or 2.92% to \$113.45. RBOB Gasoline for April delivery gained 12.17 cents per gallon, or 3.80% to \$3.3250. April heating oil gained 9.24 cents per gallon, or 2.49% to \$3.8085.

**Technical Analysis:** May WTI pierced the 10-day moving average but failed to settle above it, making this our near term upside objective. A settlement above this average should provide enough strength to push this market toward \$111.42, marked by the downward trend line that can be drawn off of the March high of \$130.50. This line is part of a symmetrical triangle, which typically means more sideways trading. To the downside, support is seen at \$105.88 and below that at \$100.

**Fundamental News:** The EIA said U.S. commercial crude stocks and the country's strategic reserves both fell in the most recent week as refiners increased output amid global supply tightness. Crude inventories fell by 3.4 million barrels in the week ending March 25<sup>th</sup> to 410 million barrels, lowest since September 2018. The nation's strategic reserve also fell by 3 million barrels following announced sales meant to shore up worldwide supplies since Russia's invasion of Ukraine. Refineries increased crude processing by 35,000 bpd in the latest week, lifting overall utilization by 1% to 92.1%. U.S. Gulf refinery processing rates increased to 95.6%, highest since just before the coronavirus pandemic started in January 2020. U.S. production increased modestly to 11.7 million bpd, the first increase in output in two months.

The World Bank President, David Malpass, said Gulf oil producers could play a key role in lowering oil and gas price volatility in coming months. He said "We are witnessing a massive restructuring of the global oil and gas market, where the supply flexibility of the GCC will be critical in dampening volatility in coming months." Saudi Arabia and the UAE hold the majority of spare capacity in the OPEC+ group.

OPEC Secretary General, Mohammad Barkindo, said OPEC+ participants should "stay the course" regarding the group's decisions, ahead of an OPEC+ meeting on Thursday where the group is expected to stick to its existing deal of gradual output increases. He said that OPEC+ members should remain "vigilant and attentive to ever-changing market conditions". Later, three OPEC+ sources attending the group's Joint Technical Committee meeting on Wednesday said the alliance is likely to stick to its existing deal when it meets on Thursday.

Russia's Deputy Foreign Minister, Sergei Ryabkov, said it could take a few days or maybe weeks to reach an agreement on reviving the Iranian nuclear deal. His comments come days after U.S. Special Envoy for Iran, Robert Malley, said he is not confident that a nuclear deal between Western powers and Iran is imminent.

IIR Energy reported that U.S. oil refiners are expected to shut in 999,000 bpd of capacity in the week ending April 1<sup>st</sup>, cutting available refining capacity by 12,000 bpd. Offline capacity is expected to increase to over 1.2 million bpd in the week ending April 8<sup>th</sup>.

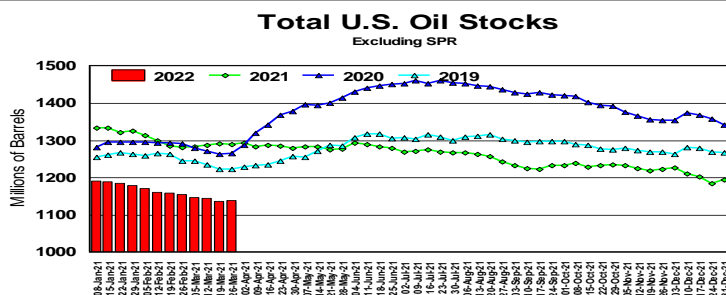
**Early Market Call - as of 8:40 AM EDT**

WTI - May \$101.85, down \$5.99  
 RBOB - Apr \$3.1927, down 13.23 cents  
 HO - Apr \$3.6750, down 13.35 cents

## All NYMEX | Prior Settlements

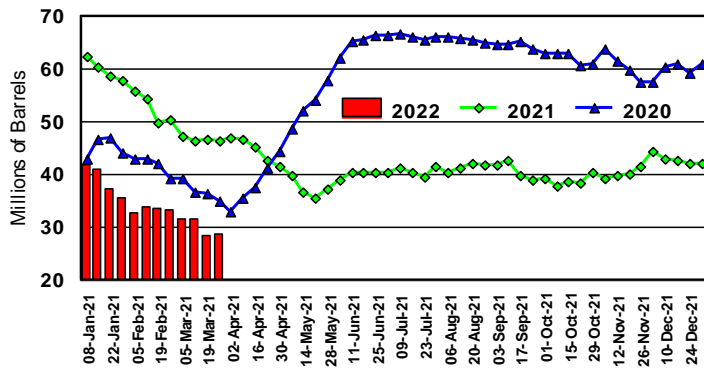
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-22	3.8085	0.0924	-0.3063
May-22	3.457	0.0678	-0.3603
Jun-22	3.317	0.0733	-0.2552
Jul-22	3.2302	0.0818	-0.1708
Aug-22	3.1508	0.0852	-0.1357
Sep-22	3.0889	0.0838	-0.1976
Oct-22	3.0434	0.0825	-0.1073
Nov-22	3.0023	0.0813	-0.0914
Dec-22	2.9685	0.0795	-0.0758
Jan-23	2.9386	0.0784	-0.0636
Feb-23	2.9082	0.0771	-0.0584
Mar-23	2.8745	0.077	-0.0535
Apr-23	2.8391	0.0764	-0.0491
May-23	2.8082	0.0753	-0.0442
Jun-23	2.7815	0.0733	-0.0424
Jul-23	2.761	0.0713	-0.0434
Aug-23	2.7441	0.0693	-0.0423

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	<b>May Brent- WTI Spread</b> <b>\$5.63</b>	\$107.8200	\$3.5800
Crude - Brent		\$113.4500	\$3.2200
Natural Gas		\$5.6050	\$0.2750
Gasoline		\$3.3250	\$0.1217



## Weekly EIA Petroleum Status Report for the Week Ending March 25, 2022

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR) Down 3.449 million barrels**  
 Cushing, OK Crude Stocks Down 1.009 million barrels  
**Gasoline Stocks Up 785,000 barrels**  
**Distillate Stocks Up 1.395 million barrels**  
**Refinery % Operated 92.1%, Up 1%**

### PADD #1

Distillate Stocks (in million bbls)	Week Ending Mar 25, 2022	Week Ending Mar 18, 2022	Week Ending Mar 26, 2021
New England	5.7	5.6	9.3
Central Atlantic	11.8	12.3	23.3
Total PADD #1	28.6	28.5	46.5
Distillate Imports (thousands b/d)	140	117	421