

Market Commentary

Recap: Oil futures rose on Wednesday, as U.S. crude supplies fell for the first time in six weeks, according to the EIA. The EIA reported a 900,000 barrel drop in U.S. crude oil inventories; analyst had expected a build of 600,000 barrels. The reaction to the report was limited, as it appears traders are more interested in the meeting between OPEC and its allies. Refining in the Gulf of Mexico continues to rebound from the deep freeze that gripped Texas last month. U.S. refinery runs rose 14.94 million barrels per day, the highest in a year. May WTI fell \$1.39, or 2.3%, to settle at \$59.16 a barrel, while May Brent tacked on 60 cents, or 0.9%. June Brent, the new first month contract, lost \$1.43, or 2.2%, to settle at \$62.74 a barrel. April RBOB fell 1.8%, to settle at \$1.95 a gallon, while April heating oil shed 1%, to close at \$1.77 a gallon.

Technical Analysis: Over the next couple of days, traders will remain focused on the OPEC+ meeting, where an extension of current output cuts is to be voted on. We expect the market's initial reaction to push prices higher, but do not anticipate anything grand, as we believe the move has already been factored in. There remains an elephant in the room by way of COVID19, which has countries across Europe re-enforcing lockdown measures. As long as this elephant remains untamed and out of the cage, prices will continue to struggle to the upside. This market should at least see the \$65 area, where we expect to encounter technical selling. On the technical level, the 10 and 50-day moving averages are converging upon one and another. A cross of the 10 day average below the 50 day average will put added pressure to the downside, with this market dipping back toward \$55. Gasoline inventories tumbled to the lowest since November and a gauge of fuel demand climbed further above 8 million barrels a day to the highest in nearly seven months. Demand numbers are showing signs of health and we expect to see this continue as the U.S. summer driving season comes upon us. The May RB/WTI crack spread has moved to fresh highs, and we expect to see this continue based upon healthier demand and lagging U.S. stockpiles.

Fundamental News: The OPEC+ Joint Technical Committee has lowered its 2021 oil demand growth forecast by 300,000 bpd reflecting concerns about the market's recovery. OPEC+ has raised concerns that uncertainties may impact the recovery in oil demand, with increasing numbers of virus infections globally and lockdown measures. Under its base case scenario, it now expects oil demand to grow by 5.6 million bpd this year, down by 300,000 bpd from its previous forecast. It also raised its global supply growth forecast by 200,000 bpd to 1.6 million bpd. As a result, it now sees oil stocks in the industrialized world falling below the 2015-2019 average in August, a month later than it previously forecast.

OPEC Secretary-General, Mohammad Barkindo, said the environment remains challenging, complex and uncertain, with the market volatility a reminder of the fragility facing economies and oil demand.

Kuwait's Oil Minister, Mohammad Abdulatif al-Fares, expressed "cautious optimism" that the global oil demand will improve as COVID-19 vaccination programs gather pace and industrial output recovers.

Commodity data company Kpler is estimating some 2 million barrels of gasoline is expected to be exported from NW Europe to the U.S. Atlantic Coast in the week ending April 2nd, up 390,000 barrels on the week but some 30% lower than levels during the first half of March.

The Biden Administration's \$2 trillion infrastructure plan calls for \$174 billion in spending and tax credits to increase electric vehicle and charging networks but does not call for phasing out gasoline-powered vehicles.

Early Market Call - as of 8:30 AM EDT

WTI - May \$59.56, up 40 cents

RBOB - May \$1.9697, up 1.02 cents

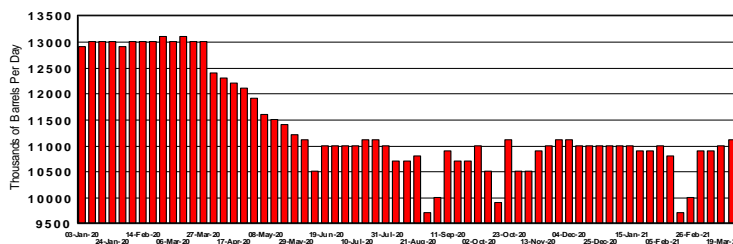
HO - May \$1.7858, up 1.7 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-21	1.7713	-0.0179	0.0543
May-21	1.7698	-0.0216	0.0567
Jun-21	1.7728	-0.0216	0.0548
Jul-21	1.7761	-0.0218	0.0537
Aug-21	1.7794	-0.0217	0.0524
Sep-21	1.7834	-0.0211	0.0515
Oct-21	1.7871	-0.0204	0.0510
Nov-21	1.7901	-0.0200	0.0507
Dec-21	1.7915	-0.0193	0.0504
Jan-22	1.7941	-0.0188	0.0500
Feb-22	1.7943	-0.0184	0.0501
Mar-22	1.7896	-0.0182	0.0505
Apr-22	1.7790	-0.0182	0.0510
May-22	1.7731	-0.0181	0.0517
Jun-22	1.7694	-0.0182	0.0525
Jul-22	1.7722	-0.0181	0.0524
Aug-22	1.7746	-0.0179	0.0523

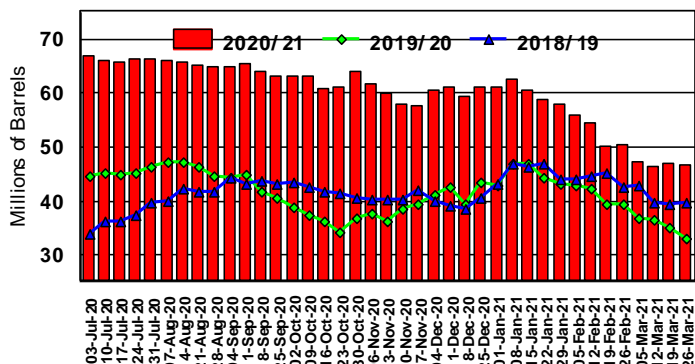
Sprague HeatCurve October 2021-April 2022		Close	Change
Crude - WTI	May Brent-WTI Spread \$4.38	\$59.1600	-\$1.3900
Crude - Brent		\$63.5400	-\$0.6000
Natural Gas		\$2.6080	-\$0.0150
Gasoline		\$1.9533	-\$0.0357

U.S. Domestic Crude Production



Weekly EIA Petroleum Status Report for the Week Ending March 26, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 876,000 barrels

Cushing, OK Crude Stocks Up 782,000 barrels

Gasoline Stocks Down 1.735 million barrels

Distillate Stocks Up 2.542 million barrels

Refinery % Operated 83.9%, Up 2.3%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Mar 26, 2021	Week Ending Mar 19, 2021	Week Ending Mar 27, 2020
New England	9.3	9.1	6.1
Central Atlantic	23.3	25.2	16.2
Total PADD #1	46.5	46.8	33.0
Distillate Imports (thousands b/d)	421	615	89