

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures fell sharply on Monday, extending last week's decline. Oil prices were pushed lower by potential progress in Ukraine-Russia talks, and by the worsening COVID situation in China. WTI crude for April delivery fell \$6.32, or 5.8%, to settle at \$103.01 a barrel, after trading as low as \$99.76. May Brent settled at \$106.90/bbl, down \$5.77, 5.12%. April RBOB fell .1432 to settle at \$3.1689, while April heating oil settled at \$3.2762, down .1413 cents.

Market Analysis: Analysts are beginning to think it may be time for oil futures to correct to the downside. There has been a slowdown in Asian demand, as 17 million residents in Shenzhen, the technological center of southern China, were locked down on Sunday after reports of epidemic outbreaks linked to the neighboring territory of Hong Kong. The prospect of lower growth and even higher inflation are also raising concerns of lower demand. Last week we saw surging volatility across most commodities, as money managers cut both long and short positions, the net result being a small 2% reduction in the overall long across 24 major commodities to 2.17 million lots. Increasingly difficult market conditions helped trigger a 180k lots reduction across oil, fuel products and natural gas while net length was added to most other sectors led by grains and softs. Long liquidation across all three fuel futures added to the story of speculators booking some profit after a one-week gain of up to 42% had taken all three to record highs. The U.S. Federal Reserve is expected to start raising interest rates this week, which should boost the dollar. There is also concern around demand destruction from high gasoline prices at the pump. This could push down oil prices by making dollar-denominated oil more expensive for holders of foreign currencies.

Fundamental News:

The EIA released their monthly Drilling Productivity Report and it showed that the EIA is expecting oil production from the major shale producing regions in April to increase by 117,000 b/d from March levels reaching 8.708 million barrels per day. Much of this production gain is expected to be seen in the Permian region with an increase of 70,000 b/d reaching 5.208 million b/d in this region.

IIR Energy reported that U.S. oil refiners are expected to shut in 1.02 million bpd of capacity in the week ending March 18th, cutting available refining capacity by 72,000 bpd. Offline capacity is expected to fall to 882,000 bpd in the week ending March 25th.

Iran's top security official, Ali Shamkhani, said Iran will stay in the Vienna nuclear talks until its demands are met and a "strong agreement" is reached. Separately, Iran's Foreign Ministry spokesperson, Saeed Khatibzadeh, said the United States needs to make a decision to revive the Iran nuclear deal. Talks to revive the 2015 Iran nuclear pact face the prospect of collapse after a last-minute Russian demand forced world powers to pause negotiations for an undetermined time despite having a largely completed text.

On Monday, Ukrainian presidential adviser and negotiator, Mykhailo Podolyak, said talks between Russia and Ukraine have started and communication between the two sides is hard but ongoing. He said "The parties actively express their specified positions. Communication is being held yet it's hard. The reason for the discord is too different political systems."

Early Market Call - as of 8:05 AM EDT

WTI - Apr \$95.13 Down \$7.33
 RBOB - Apr \$2.9778 Down \$0.1911
 HO - Apr \$3.0247 Down \$0.2516

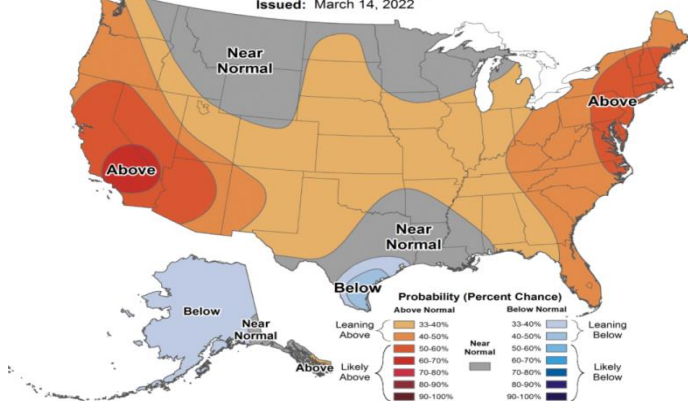
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-22	\$3.2763	-\$0.1413	-\$0.6452
May-22	\$3.1516	-\$0.1415	-\$0.5564
Jun-22	\$3.0564	-\$0.1351	-\$0.4515
Jul-22	\$2.9934	-\$0.1324	-\$0.3355
Aug-22	\$2.9400	-\$0.1290	-\$0.2672
Sep-22	\$2.8965	-\$0.1217	-\$0.3107
Oct-22	\$2.8538	-\$0.1144	-\$0.2492
Nov-22	\$2.8103	-\$0.1115	-\$0.2462
Dec-22	\$2.7695	-\$0.1097	-\$0.2456
Jan-23	\$2.7373	-\$0.1063	-\$0.2385
Feb-23	\$2.7109	-\$0.1030	-\$0.2291
Mar-23	\$2.6821	-\$0.0984	-\$0.2200
Apr-23	\$2.6501	-\$0.0950	-\$0.2179
May-23	\$2.6236	-\$0.0929	-\$0.2160
Jun-23	\$2.6026	-\$0.0915	-\$0.2142
Jul-23	\$2.5916	-\$0.0873	-\$0.2090
Aug-23	\$2.5816	-\$0.0829	-\$0.2035

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	May Brent- WTI Spread \$5.72	\$101.1800	-\$5.1200
Crude - Brent		\$106.9000	-\$5.7700
Natural Gas		\$4.6580	-\$0.0670
Gasoline		\$3.1689	-\$0.1432

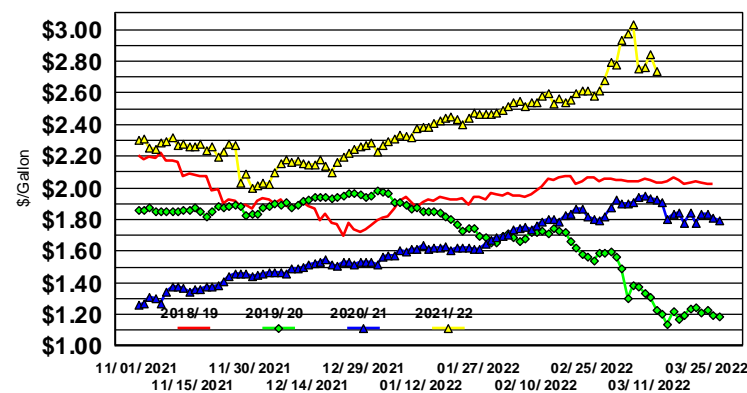


8-14 Day Temperature Outlook

Valid: March 22 - 28, 2022
 Issued: March 14, 2022



Sprague HeatCurve October-April



This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.