

## Market Commentary

**Recap:** Trading was choppy on Wednesday, with oil futures falling in early trading, as the U.S. dollar soared, making dollar denominated commodities more expensive and as coronavirus outbreaks in China raised economic concern for the world's biggest importer of crude oil. However, a large drop in U.S. gasoline and distillate inventories forced a turn around, with oil prices ending the session in positive territory. Supplies remained tight, as the EIA reported a modest rise in U.S. crude oil stockpiles last week as fuel inventories declined. The dollar rose to its highest in five years, making oil purchases more expensive for holders of other currencies. Energy markets have also been rocked by massive supply disruptions to supply following Russia's invasion of Ukraine and subsequent sanctions slapped on Moscow by the U.S. and its allies. WTI for June delivery rose 32 cents, or 0.3%, to close at \$102.02 a barrel. June Brent settled at \$105.32 a barrel, up 33 cents, or 0.31%. May heating oil tacked on 20.64 cents, or 4.62%, to settle at \$4.6743 a gallon, while May RBOB added 11.72 cents per gallon, or 3.51% to \$3.4560 a gallon. CME increased the total variation margin for positions in the May-June spread on U.S. diesel futures by 40% on Wednesday, according to a circular. That gauge has surged in recent days, reaching a fresh record of as much as 73 cents a gallon, equivalent to about \$30 a barrel. Benchmark heating oil futures also skyrocketed to an unprecedented high at the close. CME didn't make any changes to the cost of trading outright contracts. However, at more than \$15,000, they remain almost triple the level from six months ago.

**Technical Analysis:** WTI traded on both sides of unchanged during Wednesday's trading session, with the front month contract lingering around the 10 and 50-day moving averages. This market continues to struggle for direction, as it trends within the long standing triangle. A break above the top of the triangle puts this market in a position to test the \$110 area, while a break below it sets up for a run toward \$90.

**Fundamental News:** The EIA reported that U.S. crude oil in the SPR fell by 2.9 million barrels in the week ending April 22<sup>nd</sup> to 553.1 million barrels, its lowest since January 2002. It also reported that U.S. distillate stocks fell by 1.4 million barrels to 107.3 million barrels, the lowest level since May 2008. U.S. East Coast distillate stocks fell to 24.7 million barrels, the lowest level since April 1996. Meanwhile, U.S. gasoline stocks fell by 1.6 million barrels to 230.8 million barrels, with gasoline stocks in the East Coast falling to 50.7 million barrels, the lowest level since November 2014.

Germany's Economy Minister, Robert Habeck, said the government is looking at all options to cut dependency on Russian energy, leaving open the possibility of expropriating the PCK refinery at Schwedt. The refinery accounts for all of Germany's remaining Russian oil imports. Denmark's Foreign Minister, Jeppe Kofod, said the country wants to use energy sanctions as a tool to maximize pressure on Russia to end its war in Ukraine.

Ukraine's lead negotiator said no agreement had been reached for the Ukrainian and Russian presidents to discuss the war in Ukraine, despite efforts by Turkey to arrange such talks.

ExxonMobil Corp said that its Russian unit Exxon Neftegas Ltd. has declared force majeure for its Sakhalin-1 operations due to recent events. It said that as a result, the company has curtailed its crude oil production.

IIR Energy said U.S. oil refiners are expected to shut in 1.30 million bpd of capacity in the week ending April 29<sup>th</sup>, cutting available refining capacity by 176,000 bpd. Offline capacity is expected to fall to 1.01 million bpd in the week ending May 6<sup>th</sup>.

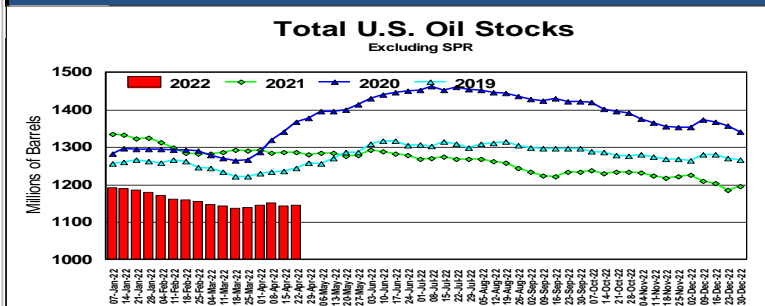
**Early Market Call - as of 9:51 AM EDT**

WTI - June \$101.29 Down 0.73  
 RBOB - May \$3.3982 Down 0.0153  
 HO - May \$3.9074 Down 0.0317

## All NYMEX | Prior Settlements

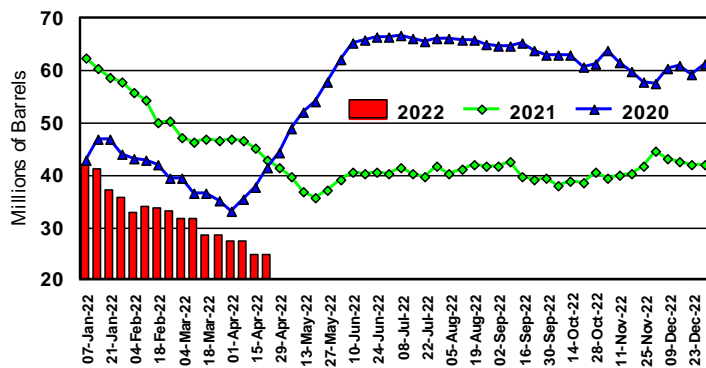
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-22	4.6743	0.2064	0.7012
Jun-22	3.9391	0.1218	0.2717
Jul-22	3.6405	0.0841	0.1429
Aug-22	3.4667	0.0643	0.0867
Sep-22	3.3839	0.0575	0.0039
Oct-22	3.3146	0.0525	0.0680
Nov-22	3.2485	0.0488	0.0600
Dec-22	3.1858	0.0446	0.0490
Jan-23	3.1434	0.0403	0.0434
Feb-23	3.1036	0.0367	0.0369
Mar-23	3.0588	0.0311	0.0313
Apr-23	3.0116	0.0269	0.0283
May-23	2.9706	0.0235	0.0257
Jun-23	2.9349	0.0202	0.0231
Jul-23	2.9094	0.0193	0.0229
Aug-23	2.8896	0.0186	0.0256
Sep-23	2.8744	0.0177	0.0266

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	June Brent- WTI Spread \$3.30	\$102.0200	\$0.3200
Crude - Brent		\$105.3200	\$0.3300
Natural Gas		\$7.2670	\$0.4170
Gasoline		\$3.4560	\$0.1172



## Weekly EIA Petroleum Status Report for the Week Ending April 22, 2022

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 692,000 barrels  
 Cushing, OK Crude Stocks Up 1.3 million barrels  
**Gasoline Stocks** Down 1.6 million barrels  
**Distillate Stocks** Down 1.4 million barrels  
**Refinery % Operated** 90.3%, Down 0.7%

### PADD #1

Distillate Stocks (in million bbls)	Week Ending Apr 22, 2022	Week Ending Apr 15, 2022	Week Ending Apr 23, 2021
New England	3.9	4.3	8.6
Central Atlantic	10.7	10.9	22.0
Total PADD #1	24.7	24.7	42.8
Distillate Imports (thousands b/d)	93	86	105