

Market Commentary

Recap: Crude oil futures finished below unchanged after the EIA report showed that U.S. crude oil inventories rose by 3.7 million barrels, marking the fifth straight week of gains. Record U.S. production, combined with global economic concerns also weighed on prices. April WTI rose to a high of \$57.61 a barrel, setting a new four month high, before trimming gains to settle at \$56.96 a barrel, down 20 cents, or 0.4 percent. Brent for April delivery fell by 1 cent, to settle at \$67.07 a barrel. March RBOB rose 1.6 cents, or 1%, to \$1.614 a gallon, while March heating oil added 1.8 cents, or 0.9%, to \$2.036 a gallon.

Technical Analysis: WTI has been stuck in a sideways pattern as it butts up against resistance. With moving oscillators trending sideways in oversold territory, we would look for prices to struggle to the upside. Resistance is set at \$58.00 and above that at \$58.80. Support is set at \$56.65 and below that at \$55.24.

Fundamental News: The US EPA received 37 applications for small refinery waivers for 2018 from the US Renewable Standard through mid-February. None of the applications have been approved or rejected, according to the agency, which has until March 30th to rule on the applications.

Trading sources stated that Venezuela is paying heavy premiums for fuel imports from Russia and Europe, with fewer than a dozen sellers seeing the risk as worth the reward after flows from the US were halted due to sanctions imposed on PDVSA. Since the US imposed sanctions on Venezuela on January 28th, product supplies have mainly come from Russia's Rosneft, Spain's Repsol, India's Reliance Industries and trading houses Vitol and Trafigura. Venezuela's fuel imports have fallen to 140,000 bpd of gasoline, diesel, naphtha and other fuels since the end of January.

Venezuela's opposition leader, Juan Guaido, plans to head to the Colombian border in a convoy of vehicles on Thursday to receive humanitarian aid for his country, despite the objection of President Nicolas Maduro. On Wednesday, Maduro's socialist administration said it closed the country's maritime border with the Dutch Caribbean islands of Aruba, Curacao and Bonaire, after Curacao's government said it would help store aid destined for Venezuela.

Nigeria has ordered foreign oil and gas companies to pay nearly \$20 billion in taxes it says are owed to local states. In a letter sent to the companies earlier this year via a debt-collection arm of the government, Nigerian National Petroleum Corp cited what it called outstanding royalties and taxes for oil and gas production. Royal Dutch Shell, Chevron, Exxon Mobil, Eni, Total and Equinor were each asked to pay the central government between \$2.5 billion and \$5 billion.

Eastern-based Libyan military forces have taken control of the El Feel oilfield. Meanwhile, Libya's National Oil Corp said it is concerned by developments at the El Feel oilfield. It said it is monitoring the situation closely to ensure the safety of its staff.

Euroilstock reported that European refinery output in January fell by 0.3% on the month and by 2% on the year to 10.978 million bpd. It reported that European gasoline output in January fell by 1.3% on the month and by 3.9% on the year to 2.481 million bpd, while its middle distillates output in January fell by 1.2% on the month and 2.7% on the year to 5.63 million bpd. European fuel oil output in January increased by 0.2% on the month but fell by 6.9% on the year to 1.222 million bpd, while its naphtha output fell by 5.9% on the month and 19.1% on the year to 908,000 bpd. European refinery crude intake in January increased by 0.5% on the month but fell by 3.9% on the year to 10.394 million bpd.

Early Market Call - as of 8:05 AM EDT

WTI - Apr \$57.73, up 77 cents
 RBOB - Mar \$1.6251, up 1.01 cents
 HO - Mar \$2.0448, up 87 points

All NYMEX | Prior Settlements

| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Mar-19 | \$2.0363 | \$0.0180 | \$0.0647 |
| Apr-19 | \$2.0347 | \$0.0166 | \$0.0673 |
| May-19 | \$2.0320 | \$0.0153 | \$0.0683 |
| Jun-19 | \$2.0304 | \$0.0144 | \$0.0679 |
| Jul-19 | \$2.0340 | \$0.0132 | \$0.0672 |
| Aug-19 | \$2.0400 | \$0.0121 | \$0.0675 |
| Sep-19 | \$2.0493 | \$0.0114 | \$0.0681 |
| Oct-19 | \$2.0582 | \$0.0109 | \$0.0686 |
| Nov-19 | \$2.0663 | \$0.0103 | \$0.0683 |
| Dec-19 | \$2.0734 | \$0.0100 | \$0.0676 |
| Jan-20 | \$2.0791 | \$0.0096 | \$0.0670 |
| Feb-20 | \$2.0792 | \$0.0093 | \$0.0663 |
| Mar-20 | \$2.0749 | \$0.0088 | \$0.0653 |
| Apr-20 | \$2.0631 | \$0.0083 | \$0.0642 |
| May-20 | \$2.0550 | \$0.0083 | \$0.0636 |
| Jun-20 | \$2.0511 | \$0.0084 | \$0.0628 |
| Jul-20 | \$2.0519 | \$0.0082 | \$0.0618 |

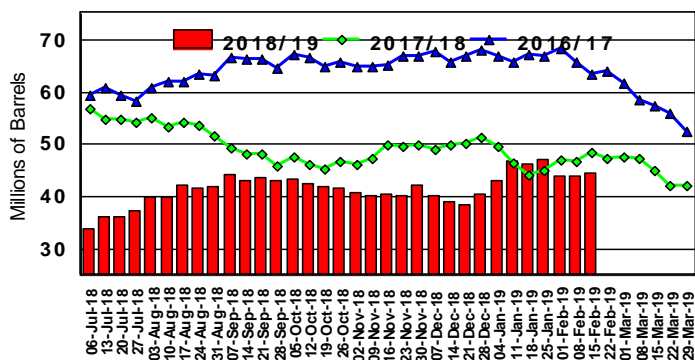
| Sprague HeatCurve Oct 2019-Apr 2020 | | | \$2.0731 |
|-------------------------------------|------------|-----------|-----------|
| Other Front Month NYMEX | | Close | Change |
| Crude - WTI | Apr Brent- | \$56.9600 | -\$0.2000 |
| Crude - Brent | WTI Spread | \$67.0700 | -\$0.0100 |
| Natural Gas | \$10.11 | \$2.6970 | \$0.0610 |
| Gasoline | | \$1.6144 | \$0.0163 |

EIA Working Gas Storage Report

| | 15-Feb-19 | 08-Feb-19 | Change | Year Ago |
|---------------|-----------|-----------|--------|----------|
| East | 395 | 444 | -49 | 407 |
| Midwest | 436 | 492 | -56 | 434 |
| Mountain | 87 | 95 | -8 | 113 |
| Pacific | 138 | 155 | -17 | 205 |
| South Central | 649 | 696 | -47 | 619 |
| Salt | 224 | 248 | -24 | 175 |
| Nonsalt | 425 | 447 | -22 | 445 |
| Total | 1,705 | 1,882 | -177 | 1,778 |

Weekly EIA Petroleum Status Report for the Week Ending February 15, 2019

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 3.672 million barrels
 Cushing, OK Crude Stocks Up 3.413 million barrels
Gasoline Stocks Down 1.454 million barrels
Distillate Stocks Down 1.517 million barrels
Refinery % Operated 85.9%, Unchanged

PADD #1

| Distillate Stocks (in million bbls) | Week Ending Feb 15, 2019 | Week Ending Feb 8, 2019 | Week Ending Feb 16, 2018 |
|-------------------------------------|--------------------------|-------------------------|--------------------------|
| New England | 8.1 | 8.6 | 8.5 |
| Central Atlantic | 23.6 | 24.6 | 27.3 |
| Total PADD #1 | 44.4 | 43.9 | 48.5 |
| Distillate Imports (thousands b/d) | 412 | 424 | 215 |

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