

Market Commentary

Recap: The oil market traded lower following some choppy trading as traders took profits following two consecutive days of gains. Early in the session, the crude market was well supported by the API report showing an unexpected draw in oil stocks of 6.1 million barrels on the week and a 5.9 million barrel draw in gasoline stocks. The unexpected draw in stocks added to the supportive news of oil producers in Iraq cutting production following the halt of 450,000 bpd of crude exports from Iraq's semi-autonomous northern Kurdistan region. The crude market was further supported and posted a high of \$74.37 following the release of the EIA showing an unexpected draw in crude stocks of over 7.4 million barrels on the week. However, the oil market held resistance at an upward trendline at \$74.39 and later erased some of its previous gains on profit taking. The impact of U.S. stock draws and halt to some Iraqi oil exports were offset by a smaller than expected output cut in Russia of 300,000 bpd in the first three weeks of March. The market posted a low of \$72.76 ahead of the close. The May WTI contract settled down 23 cents at \$72.97 and the May Brent contract settled down 37 cents at \$78.28. The product markets settled in negative territory, with the heating oil market settling down 11.15 cents at \$2.6581 and the RB market settling down 4.4 cents at \$2.6681.

Technical Analysis: The oil market will likely bounce off its low and continue to trend higher as the market weighs supply concerns and economic concerns. The market is seen finding initial resistance at \$73.50, its high of \$74.37, \$74.67 and \$75.00. More distant resistance is seen at \$77.56 and \$78.17. Meanwhile, support is at its low of \$72.76, \$72.19, \$71.05, \$70.15 and \$69.28. Further support is seen at \$68.66, \$67.70, \$66.82 and \$64.36.

Fundamental News: The EIA reported that U.S. crude oil inventories unexpectedly fell last week as refineries restarted operations following maintenance and imports fell to a two-year low. Crude oil stocks fell by 7.5 million barrels in the week ending March 24th to 473.7 million barrels. U.S. crude oil imports fell by 847,000 bpd to 5.325 million bpd last week, the lowest level since March 2021.

California took a step closer to regulating how much profit the state's oil refiners can earn on selling gasoline after a state senate committee last week approved a proposal oil companies rejected as likely to raise costs. California's Governor Gavin Newsom proposed to empower the California Energy Commission to set a state gross gasoline refining profit margin, and to levy penalties for exceeding it. A spokesperson for Chevron, Ross Allen, said the Senate measure "a step backward" and any approval "likely to result in less reliable, less affordable fuel for state motorists." Meanwhile, John Auers, Managing Director of Refined Fuels Analytics, said the proposed rules will do nothing to increase gasoline supply to the West Coast.

The global energy strategist at Macquarie Group, Vikas Dwivedi, said air travel in China holds the key to global energy demand this year. He said that while gasoline consumption is better than expected and diesel demand has recovered, jet fuel is lagging. The post-Covid number of travelers in China has been slower compared with other countries amid inflation and concerns about the economy. According to air traffic data tracker Variflight, while the volume of international flights is higher than at the height of the Covid restrictions last year, it was still only 22% of pre-pandemic levels as of March 16th. The energy strategist at Macquarie said an increase in jet fuel demand by 200,000 bpd in China could spark an increase in global demand of 500,000 bpd as Chinese travelers visit multiple cities overseas.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.201 million bpd of capacity in the week ending March 31st, increasing available refining capacity by 183,000 bpd.

Early Market Call - as of 8:20 AM EDT

WTI - May \$73.60, up 63 cents

RB0B - April \$2.6543, down 1.38 cents

HO - April \$2.6525, down 56 points

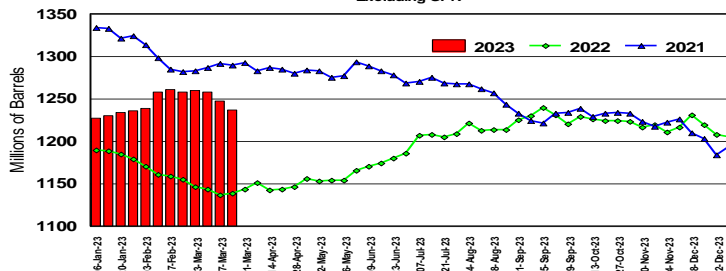
All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Apr-23	2.6581	-0.1115	-0.0822
May-23	2.5665	-0.0796	-0.0398
Jun-23	2.5096	-0.0584	-0.0204
Jul-23	2.4956	-0.0499	-0.0106
Aug-23	2.4913	-0.0470	-0.0094
Sep-23	2.4914	-0.0460	-0.0098
Oct-23	2.4914	-0.0451	-0.0101
Nov-23	2.4884	-0.0444	-0.0108
Dec-23	2.4828	-0.0429	-0.0106
Jan-24	2.4798	-0.0418	-0.0100
Feb-24	2.4743	-0.0406	-0.0091
Mar-24	2.4627	-0.0395	-0.0090
Apr-24	2.4444	-0.0380	-0.0094
May-24	2.4354	-0.0363	-0.0089
Jun-24	2.4281	-0.0355	-0.0085
Jul-24	2.4268	-0.0341	-0.0072
Aug-24	2.4255	-0.0334	-0.0066

Sprague HeatCurve October 2023-April 2024

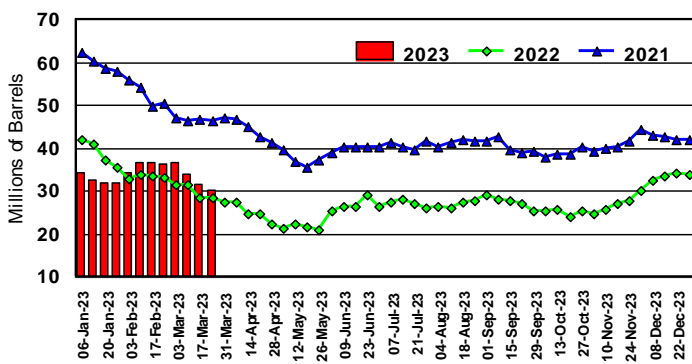
	Close	Change
Crude - WTI	\$72.9700	-\$0.2300
Crude - Brent	\$78.2800	-\$0.3700
Natural Gas	\$1.9910	-\$0.0390
Gasoline	\$2.6681	-\$0.0440

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending March 24, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 7.489 million barrels

Cushing, OK Crude Stocks Down 1.632 million barrels

Gasoline Stocks Down 2.904 million barrels

Distillate Stocks Up 281,000 million barrels

Refinery % Operated 90.3%, up 1.7%

PADD #1

	Week Ending (in million bbl) Mar 24, 2023	Week Ending Mar 17, 2023	Week Ending Mar 25, 2022
Distillate Stocks	4.3	4.3	5.7
Central Atlantic	14.2	16.0	11.8
Total PADD #1	30.1	31.6	28.6
Distillate Imports (thousands b/d)	136	186	140