

## Market Commentary

**Recap:** The crude oil market on Friday traded lower early in the session as it continued on its recent downward path but retraced some of its previous losses and ended the session in positive territory following the release of the February payroll report. The report showed that while the U.S. economy added jobs at a solid rate in February, monthly wage growth slowed and the unemployment rate increased, pointing to some labor market loosening and easing fears of an aggressive rate increase by the Federal Reserve at its next meeting. In overnight trading, the oil market breached its previous low and traded to a low of \$74.77. However, the market bounced off its lows following the release of the payroll report and retraced most of its previous losses as it posted a high of \$77.11 by mid-day. The later market gave up some of its gains and settled in a sideways trading range ahead of the close. The April WTI contract settled up 96 cents or 1.3% at \$76.68 and the May Brent contract settled up \$1.19 or 1.5% at \$82.78. However, both crude contracts settled down more than 3% on the week. The product markets ended the session in positive territory with the heating oil market settling up 10.4 cents at \$2.7729 and the RB market settling up 4.07 cents at \$2.6458.

**Technical Analysis:** The oil market on Monday will likely trade sideways as the market awaits the release of the consumer price report due out on Tuesday. Earlier this week, Fed Chair Jerome Powell said the Fed may need to raise rates more than expected and financial markets had priced in a 50 basis point rate increase at its March 21-22<sup>nd</sup> policy meeting. However, the market sees a 25 basis point rate hike as the most likely outcome, though much will depend on the inflation report. The crude market is seen finding resistance at its high of \$77.11, \$77.52, \$78.06, \$78.15 followed by \$80.24 and \$80.94. More distant upside is seen at \$82.48 and \$82.64. Meanwhile, support is seen at \$76.10, \$75.35 and its low of \$74.77. Further support is seen at \$74.09, \$73.83-\$73.80 and \$73.42.

**Fundamental News:** U.S. energy firms this week cut the number of oil and natural gas rigs operating for a fourth consecutive week for the first time since July 2020. Baker Hughes reported that the oil and gas rig count fell by 3 to 746 in the week ending March 10<sup>th</sup>, the lowest level since June. It reported that U.S. oil rigs fell by 2 to 590 this week, also the lowest level since June, while gas rigs fell by 1 to 153.

The U.S. Department of Energy announced Thursday it has awarded contracts for 26 million barrels of crude oil to be sold from the SPR. Delivery of the barrels is scheduled to occur between April 1<sup>st</sup> and June 30<sup>th</sup>. A total of six companies were awarded the contracts. This will be the last congressionally mandated sale until 2026.

S&P Global Commodity Insights noted the trans-Atlantic gasoline arbitrage from Northwest Europe to the USAC this week has opened up for the first time potentially offering a 19 cent profit.

JP Morgan projects jet fuel will contribute 60% or 1.3 million bpd to global oil demand growth of 2.2 million bpd, with China accounting for 300,000 bpd of the total. It said as a whole, Asia will account for nearly 60% of global oil demand growth in 2023, up from -3% in 2022.

Bloomberg reported that millions of barrels of Russian diesel are being temporarily stored on oil tankers as the country deals with the fallout of European Union sanctions. According to Kpler, ships have been idling off the coasts of Europe, Africa and Latin America in what is by far the largest buildup in floating storage of diesel-type fuel from Russia since the start of data collection in 2016.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1,332,000 bpd of capacity in the week ending March 10<sup>th</sup>, increasing available refining capacity by 261,000 bpd. It also reported that offline capacity is expected to fall to 1,230,000 bpd in the week ending March 17<sup>th</sup> and fall further to 1,127,000 in the subsequent week.

**Early Market Call - as of 8:40 AM EDT**

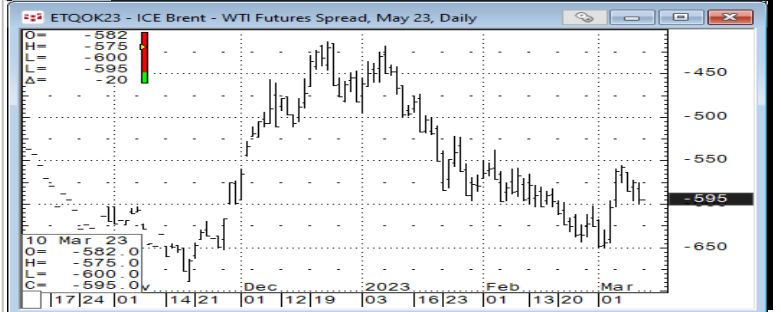
WTI - April \$73.20, down \$3.49  
 RBOB - April \$2.5557, down 9.01 cents  
 HO - April \$2.6799, down 9.14 cents

## All NYMEX | Prior Settlements

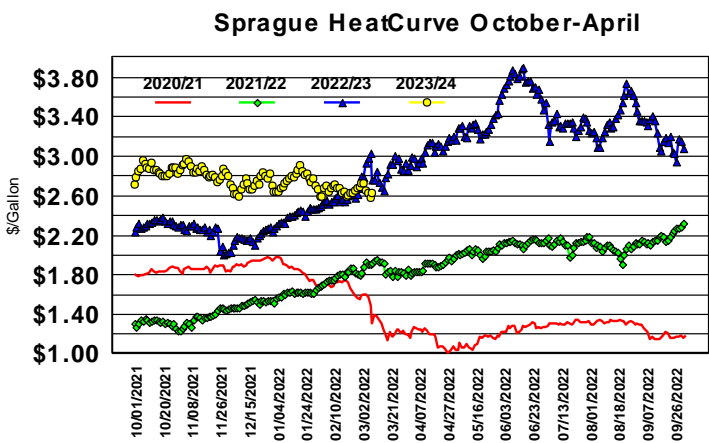
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-23	2.7729	0.1040	-0.1402
May-23	2.7188	0.0846	-0.1365
Jun-23	2.6763	0.0718	-0.1280
Jul-23	2.6586	0.0647	-0.1222
Aug-23	2.6515	0.0600	-0.1179
Sep-23	2.6507	0.0577	-0.1147
Oct-23	2.6494	0.0558	-0.1107
Nov-23	2.6454	0.0544	-0.1064
Dec-23	2.6368	0.0529	-0.1025
Jan-24	2.6299	0.0514	-0.0993
Feb-24	2.6194	0.0500	-0.0961
Mar-24	2.6026	0.0490	-0.0927
Apr-24	2.5790	0.0479	-0.0891
May-24	2.5645	0.0457	-0.0880
Jun-24	2.5507	0.0424	-0.0876
Jul-24	2.5406	0.0393	-0.0867
Aug-24	2.5310	0.0362	-0.0853

Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	May Brent-	\$76.7800	\$0.9400
Crude - Brent	WTI Spread	\$82.7800	\$1.1900
Natural Gas	\$6.00	\$2.4300	-\$0.1130
Gasoline		\$2.6458	\$0.0407

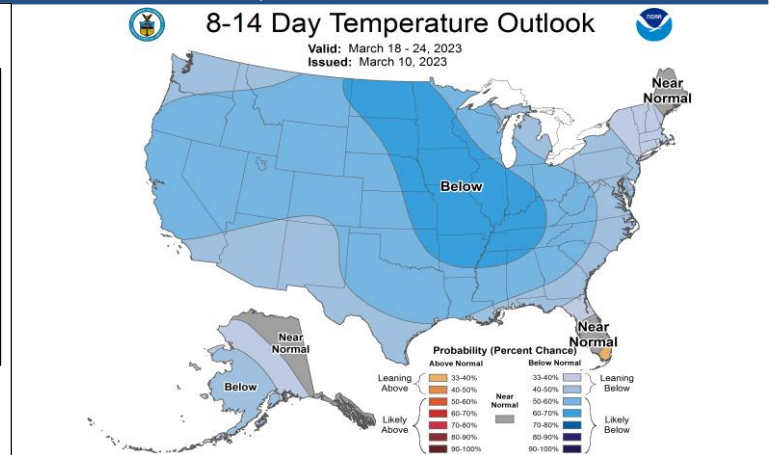
### ICE May Brent-WTI Spread



## Sprague HeatCurve October-April



## 8-14 Day Weather Forecast



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