

## Market Commentary

**Recap:** Oil prices rebounded in volatile trading on Tuesday as the market weighed China's plans to support its economy against a possible coronavirus lockdown in its capital Beijing. The Chinese capital Beijing has expanded its COVID-19 mass testing to much of the city of nearly 22 million as the population braces for a lockdown similar to Shanghai's stringent curbs. Weather-related outages in production in North Dakota's Bakken shale basin and extreme products strength with emphasis on diesel prices are also driving up the market. That being said, snowstorms over the weekend had shut power for most of the Bakken region, hurting production. Brent crude for June delivery settled up \$2.67, or 2.6%, at \$104.99 a barrel, while June West Texas Intermediate closed up \$3.16, or 3.2%, at \$101.70. Brent and WTI had settled down about 4% on Monday and touched respective lows on Tuesday of \$101.08 and \$97.06 a barrel, pressured by concerns over demand in China, the world's largest crude oil importer. NYMEX heating oil rose 9.2% to settle at \$4.47 a gallon, a record close, after Poland said that Russia warned that gas supply would stop on Wednesday. Russia demanding payment in Rubles from Poland is likely to result in a halt in gas supplies and will also contribute to even stronger diesel prices. RBOB Gasoline for May delivery gained 9.90 cents per gallon, or 3.06% to \$3.3388.

**Market Analysis:** For Tuesday's session oil traders put Beijing lockdown fears in the rear-view mirror and instead focused on more stimuli coming from China, as China's central bank said it will step up prudent monetary policy support to the nation's economy and any stimulus would help boost oil demand amid worries about a slowdown in global growth. In the meantime, oil markets remain in limbo amid COVID lockdowns in China and the Russian invasion of Ukraine. China's zero tolerance of COVID-19 lockdowns is not only impacting its own markets, but is putting pressure on raw materials and energy, but is also severely constraining already fledgling logistics and export to OECD markets. Without any doubt China is heading towards an historical oil demand shock, probably at the same level as during the first days of the pandemic in 2020. If real demand destruction comes to play, global oil markets are looking at higher supply volumes, while demand is faltering. Oil markets appear to be stabilizing, with WTI toying with the 50-day moving average, which is at a level that longer term traders have been paying close attention to. Although our bias is still to the downside, we may experience a bit of sideways trading. Resistance remains at the \$105 area, with support at \$92.58.

**Fundamental News:**

U.S. Secretary of State, Anthony Blinken, said European countries have a "genuinely ambitious" plan to reduce their reliance on Russian energy, adding that "further progress" was expected on Russian oil imports in the coming weeks. He also stated that the U.S. was concerned that there were a few countries that may be increasing their purchases of Russian energy and that the U.S. has engaged with them to dissuade them from doing so.

European Union energy commissioner, Kadri Simson, said a sixth package of European Union sanctions against Russia in response to its invasion of Ukraine is expected "very soon". He said the exact date of the package is not yet confirmed, and as with the previous rounds of EU sanctions it would need approval from EU countries.

Germany's Economy Minister, Robert Habeck, said Russian oil currently accounts for 12% of Germany's supply. He stated that Germany hopes to replace all oil deliveries from Russia in a matter of days.

Travel data firm OAG said global airline capacity has increased to its highest level in 2022 this week because of a rebound in Chinese domestic demand despite extended lockdowns in Asia's biggest aviation market.

**Early Market Call - as of 8:00 AM EDT**

WTI - May \$101.75 UP \$0.05

RBOB - May \$3.3196 Up 0.0086

HO - May \$3.7879 Down 0.0294

## All NYMEX | Prior Settlements

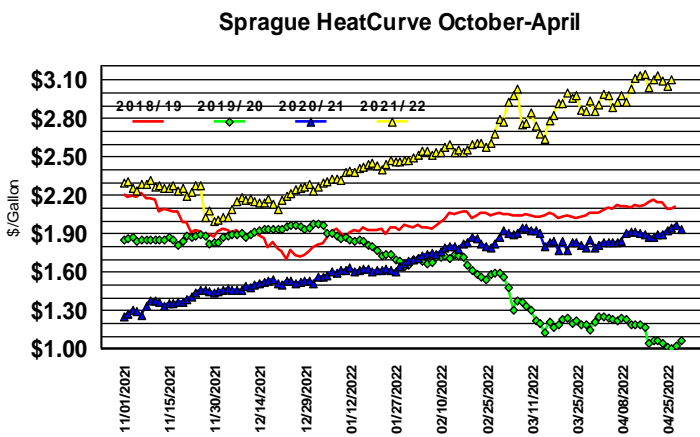
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-22	\$4.4679	\$0.3770	\$0.6060
Jun-22	\$3.8173	\$0.1632	\$0.2401
Jul-22	\$3.5564	\$0.1216	\$0.1370
Aug-22	\$3.4024	\$0.0897	\$0.0942
Sep-22	\$3.3264	\$0.0778	\$0.0182
Oct-22	\$3.2621	\$0.0690	\$0.0843
Nov-22	\$3.1997	\$0.0619	\$0.0752
Dec-22	\$3.1412	\$0.0550	\$0.0638
Jan-23	\$3.1031	\$0.0506	\$0.0607
Feb-23	\$3.0669	\$0.0446	\$0.0579
Mar-23	\$3.0277	\$0.0410	\$0.0577
Apr-23	\$2.9847	\$0.0393	\$0.0587
May-23	\$2.9471	\$0.0376	\$0.0594
Jun-23	\$2.9147	\$0.0361	\$0.0606
Jul-23	\$2.8901	\$0.0346	\$0.0613
Aug-23	\$2.8710	\$0.0339	\$0.0647
Sep-23	\$2.8567	\$0.0333	\$0.0663

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	June Brent-WTI Spread \$3.29	\$101.7000	\$3.1600
Crude - Brent		\$104.9900	\$2.6700
Natural Gas		\$6.8500	\$0.1810
Gasoline		\$3.3388	\$0.0099

### API Report for the Week Ending April 22, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 4.8 million barrels	Up 2.2 million barrels
Gasoline Stocks	Down 3.9 million barrels	Up 500,000 barrels
Distillate Stocks	Up 1.7 million barrels	Down 600,000 barrels
Refinery Runs		Down 0.2% at 90.8%

## Sprague HeatCurve October-April



## May Heating Oil

