

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil futures posted early gains on Monday after reports of an attack on Saudi Arabian oil facilities, but the gains were erased as it became apparent no real damage occurred. Yemen's Houthi forces fired drones and missiles at the heart of the Saudi oil industry on Sunday, including a Saudi Aramco facility at Ras Tanura vital to petroleum exports. Brent rose above \$70 a barrel for the first time since early last year, before trimming gains to settle at \$68.24 a barrel, down \$1.12, or 1.61%. April WTI peaked at \$67.98, the highest level for a spot contract since October 2018, before settling at \$65.05 a barrel, down \$1.04, or 1.57%. Both contracts are up more than 30% year to date, adding more than 7% last week.

**Technical Analysis:** WTI stretched toward \$68 a barrel on its initial rally, only to reverse to the downside to touch below \$65. At this point, WTI remains within the old period of consolidation we had written about last week, and by the looks of things, we should see continued sideways activity. This range was established by the January 2019 low of \$50.38 and the April 2019 high of \$66.60. \$65 will act more or less like a pivotal level, with breaks above it opening up the opportunity to work above the top of this range, and a break above the Monday high of \$67.98 opening up a possible run toward \$70. To the downside, support is set at \$63.90 and below that at \$60.95.

**Fundamental News:** Crude exports from Saudi Arabia's oil terminals at Ras Tanura were normal on Monday, a day after a drone attack targeted the port. On Sunday, Saudi Arabia's Energy Ministry said that a drone hit a petroleum tank farm at Ras Tanura port and shrapnel from a ballistic missile fell near Saudi Aramco's residential area in Dhahran. The Saudi-led coalition said it intercepted and destroyed a ballistic missile fired towards the Saudi city of Khamis Mushait and a drone launched towards the country's southern region by Yemen's Houthi group. A Houthi military spokesman said Yemen's Iran-aligned Houthi movement fired 14 drones and eight ballistic missiles at facilities of oil firm Saudi Aramco in Ras Tanura and at military targets in the Saudi cities of Dammam, Asir and Jazan on Sunday. The Saudi-led military coalition engaged in Yemen said it had intercepted 12 Houthi drones without disclosing locations in the kingdom and two ballistic missiles fired towards Jazan. A Defense Ministry spokesman said the attacks on a petroleum tank farm at Ras Tanura port and on Aramco facilities in Dhahran were cowardly terrorist attacks. On Monday, Saudi Arabia's Defense Ministry accused Iran of smuggling missiles and drones to Yemen's Houthi movement.

Vortexa data showed that the amount of crude oil held around the world on tankers that have been stationary for at least 7 days increased to 99.32 million barrels as of March 5<sup>th</sup>. It is up 8.4% from 91.59 million barrels as of February 26<sup>th</sup>.

According to Bloomberg tanker tracking, combined oil exports from OPEC's four largest Persian Gulf producers increased in February, even as Saudi Arabia fulfilled its commitment to cut output sharply. European oil-product exports across the Atlantic increased to a 3-month high in February, aided by increased gasoline shipments to the U.S.

IIR Energy reported that U.S. oil refiners are expected to shut in 3.7 million bpd of capacity offline in the week ending March 12<sup>th</sup>, increasing available refining capacity by 1.3 million bpd from the previous week. Offline capacity is expected to fall to 3 million bpd in the week ending March 19<sup>th</sup>.

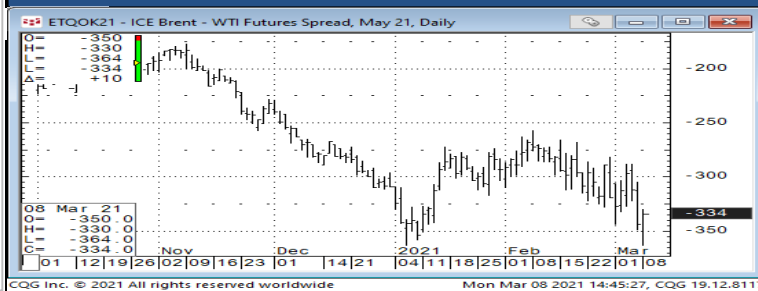
**Early Market Call - as of 8:25 AM EDT**

WTI - Apr \$65.01, down 4 cents  
 RBOB - Apr \$2.0616, up 1.29 cents  
 HO - Apr \$1.9151, up 66 points

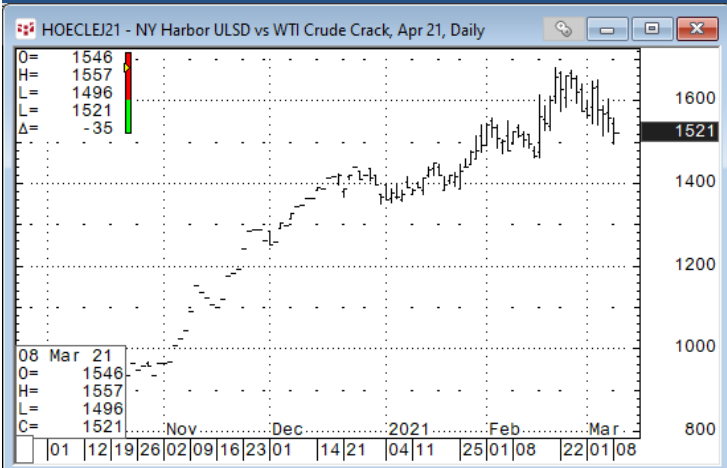
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-21	1.9085	-0.0355	-0.0893
May-21	1.9091	-0.0328	-0.0977
Jun-21	1.9089	-0.0296	-0.1035
Jul-21	1.9084	-0.0273	-0.1068
Aug-21	1.9074	-0.0261	-0.1077
Sep-21	1.9068	-0.0253	-0.1064
Oct-21	1.9067	-0.0244	-0.1055
Nov-21	1.9067	-0.0233	-0.1046
Dec-21	1.9049	-0.0222	-0.1034
Jan-22	1.9044	-0.0212	-0.1026
Feb-22	1.9013	-0.0201	-0.1026
Mar-22	1.8925	-0.0190	-0.1024
Apr-22	1.8768	-0.0181	-0.1021
May-22	1.8668	-0.0171	-0.1016
Jun-22	1.8587	-0.0166	-0.1006
Jul-22	1.8571	-0.0160	-0.0999
Aug-22	1.8558	-0.0155	-0.0989

Sprague HeatCurve October 2021-April 2022		\$1.9001
	Close	Change
Crude - WTI	\$64.9300	-\$0.9900
Crude - Brent	\$68.2400	-\$1.1200
Natural Gas	\$2.6640	-\$0.0370
Gasoline	\$2.0487	-\$0.0160

### ICE May Brent-WTI Spread



### April Heating Oil Crack Spread



### April RBOB Crack Spread

