

## Market Commentary

**Recap:** Oil futures surged as much as 11.5% on Tuesday, as global agreement to release crude reserves failed to calm fears about supply disruptions from Russia's invasion of Ukraine, and instead underscored about growing disruptions. Members of the International Energy Agency (IEA), which includes the United States and Japan, agreed to release 60 million barrels of crude from their reserves to try to quell the sharp increase in prices that has pushed major benchmarks past \$100 a barrel. However, the news of the release, equivalent to less than one day of worldwide oil consumption, only underscored the markets fear that supply will be inadequate to cover growing disruptions to the crude market. April WTI tacked on \$7.69, or 8%, to settle at \$103.41 per barrel, after hitting a session high of \$106.78. Brent for May delivery settled at \$104.97 a barrel, up \$7.00, or 7.1%, after topping the session at \$107.52 a barrel. April RBOB settled at \$3.0887 per gallon, tacking on .1562 cents, up 36.14 cents or 13.25% over the last two sessions. This was the largest one day dollar gain since Monday, September 16, 2019. April heating oil settled at \$3.1511 a gallon, up .2198 cents.

**Market Outlook:** News of the release of oil by members of the IEA did little to quell supply concerns and only underscored the market's fear that supply will be inadequate to cover growing energy disruptions and helped to deepen the backwardation seen in this market. Backwardation, a market structure where prompt contracts are more expensive than those for later dates, indicates fear of being able to find cargoes in the near-term, as global oil demand has largely recovered from the worst of the coronavirus pandemic while production has not kept pace. Now that WTI sliced through the \$100 level, most analysts believe that this market can go much higher and that buying pullbacks is still the way to go. Strong support sits at \$95 and would be an excellent buying opportunity; however we would have to break below the \$100 level. On the upside, we would look for this market to work toward \$105.

**Fundamental News:** The U.S. and other major economies agreed on a coordinated release of strategic oil reserves following Russia's invasion of Ukraine pushed crude oil prices over \$100/barrel. The IEA has agreed to release 60 million barrels from stockpiles around the world. Half of the amount will come from the U.S. Strategic Petroleum Reserve, with the rest from IEA members in Europe and Asia. It will be the second release from U.S. oil reserves within a few months. It is the first time the IEA has made a synchronized release of oil stocks since the Libyan civil war in 2011. Japan's Industry Minister, Koichi, Hagiuda, said IEA member countries are ready to tap their oil reserves further if needed.

Two OPEC+ sources said OPEC, Russia and other allies are likely to stick to their existing policy of gradual oil output increases at a meeting on Wednesday. Both sources said that Russia's invasion of Ukraine had not so far affected the functioning of the supply agreement between the Organization of the Petroleum Exporting Countries, Russia and other allies.

Saudi Arabia's cabinet reaffirmed on Tuesday its commitment to the OPEC+ agreement of oil exporters supplying an additional volume of 400,000 bpd each month to output. The Saudi cabinet also called for stability in oil markets and for a de-escalation in Ukraine.

Russian President Vladimir Putin and Abu Dhabi Crown Prince Sheikh Mohammed bin Zayed al-Nahyan, in a phone call, discussed the OPEC+ oil deal and pledged to continue coordination on global energy markets.

The second round of Russia-Ukraine talks is planned for Tuesday. After the first round of negotiations, which took place on Monday and produced no tangible results, the sides stated that they would meet again in the coming day.

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

WTI - Apr \$111.90, up \$8.49  
 RBOB - Apr \$3.2825, up 19.38 cents  
 HO - Apr \$3.4428, up 29.17 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-22	3.1511	0.2198	0.3606
May-22	3.0381	0.1915	0.2977
Jun-22	2.9366	0.1589	0.2352
Jul-22	2.8574	0.1281	0.1866
Aug-22	2.7995	0.1022	0.1485
Sep-22	2.7717	0.0886	0.1207
Oct-22	2.7493	0.0810	0.1145
Nov-22	2.7250	0.0740	0.1010
Dec-22	2.7016	0.0690	0.0902
Jan-23	2.6785	0.0645	0.0801
Feb-23	2.6550	0.0617	0.0734
Mar-23	2.6288	0.0585	0.0664
Apr-23	2.5985	0.0549	0.0602
May-23	2.5732	0.0515	0.0542
Jun-23	2.5535	0.0512	0.0488
Jul-23	2.5420	0.0492	0.0439
Aug-23	2.5334	0.0485	0.0397

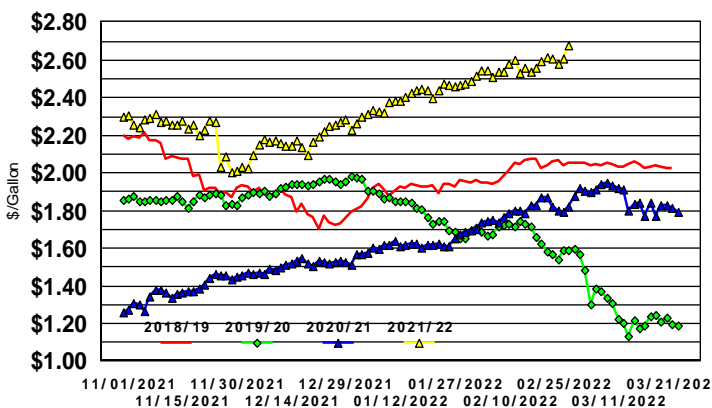
Sprague HeatCurve October 2022-April 2023			\$2.6738
		Close	Change
Crude - WTI	May Brent- WTI Spread \$4.76	\$100.2100	\$6.7100
Crude - Brent		\$104.9700	\$7.0000
Natural Gas		\$4.5730	\$0.1710
Gasoline		\$3.0887	\$0.1562

### API Report for the Week Ending February 25, 2022

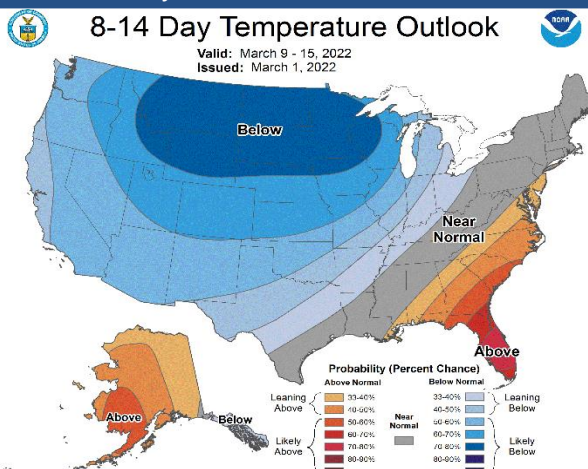
	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 6.1 million barrels	Up 2.2 million barrels
Gasoline Stocks	Down 2.5 million barrels	Down 1.4 million barrels
Distillate Stocks	Up 392,000 barrels	Down 1.4 million barrels
Refinery Runs		Down 0.2%, 87.2%

## Sprague HeatCurve

### Sprague HeatCurve October-April



## 8-14 Day Weather Forecast



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