

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil prices continued to trade sideways on Monday, as prices pivoted above and below unchanged. Crude prices searched for direction, as a weaker dollar, and falling U.S. inventories kept a floor under this market, while the number of COVID-19 cases hit a weekly record despite vaccine rollouts. Oil futures have slowly risen 30% this year, as vaccine programs across the globe got underway and on signs of an improving global economy. However, the U.S. and Iran appear to have made progress in the latest round of talks surrounding U.S. sanctions and the Iranian nuclear deal, despite a recent threat by Iran to enrich uranium up to weapons-grade levels. A return to the 2015 nuclear deal could potentially add 2 million barrels of Iranian oil exports. May WTI added 25 cents, or 0.40%, to settle at \$63.38 a barrel, while June Brent settled at \$67.05 a barrel, up 28 cents, or 0.42%. May RBOB was little changed at 42.04 a gallon, while May heating oil shed 0.2% to settle at \$1.89 a gallon.

**Technical Analysis:** At this point in time, we expect oil traders to remain somewhat sidelined as this market looks for definitive direction amidst the array of fundamentals. With the number of reported coronavirus cases topping 3 million as of April 19, traders are moving along the side of caution, with a number of bulls reducing their exposure. As the number of COVID-19 cases continues to rise, we expect to see further pullbacks, as bulls run out of steam. As for the bears, this market is downside sensitive but the economic outlook for both the U.S. and China is showing signs of improvement. Dwindling U.S. supplies ahead of the U.S. summer driving season will also provide a focal point, while attention will also be on U.S./Iranian talks and the sensitive situation with Russia. With this in mind, we expect to see attempts to trade higher, but would not discount a pullback into the previous congestion pattern. Resistance remains at \$65 and above that at \$66.40. A trade above \$66.87, should reverse the main trend and this market will head higher. Support is seen at \$62.27 and \$61.24.

**Fundamental News:** IIR Energy reported that the U.S. oil refiners are expected to shut in 1.3 million bpd of capacity in the week ending April 23<sup>rd</sup>, increasing available refining capacity by 513,000 bpd from the previous week.

The Joint Organization of Data Initiative reported that Saudi Arabia's crude oil exports fell by 957,000 bpd or 15% to 5.625 million bpd in February from 6.582 million bpd in January. Saudi Arabia's crude oil output fell by 956,000 bpd or 11% in February to 8.147 million bpd.

JP Morgan Global Commodities Research forecast global oil demand increasing from an average of 93 million bpd in the first quarter of 2021 to 96 million bpd in the second quarter of 2021 and nearly 99 million bpd in the third quarter and 99.6 million bpd in the fourth quarter. The bank stated that the supply and demand path suggest that Brent oil will surpass the \$70/barrel level by May but still end the year at a similar level around \$74/barrel. It said its 2022 price forecast has shifted lower and sees Brent prices peaking at around \$80/barrel in the second quarter. It sees WTI crude futures at \$66/barrel, down \$4/barrel from a previous forecast.

The end of oil's historic glut is in sight. The U.S. inventory pile-up is effectively cleared and there are declines in the nation's strategic reserve. Firms that were allowed to park oversupply there have quietly removed about 21 million barrels, people familiar said. The surplus on the seas is also falling, IHS Markit said.

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 111.99 million barrels in the week ending April 16<sup>th</sup>. It is up 3.4% on the week to 108.28 million barrels.

Libya's National Oil Corp has declared force majeure on exports from the port of Hariga, after its subsidiary that runs the terminal said it had suspended output.

**Early Market Call - as of 8:20 AM EDT**

WTI - May \$63.76, up 38 cents

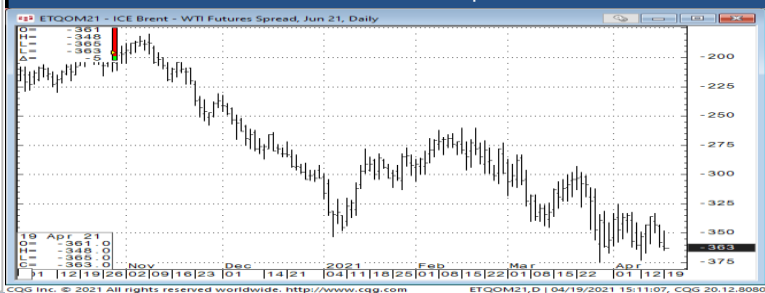
RBOB - May \$2.0542, up 97 points

HO - May \$1.8977, up 52 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-21	1.8925	-0.0032	-0.0845
Jun-21	1.8947	-0.0028	-0.0843
Jul-21	1.8976	-0.0027	-0.0843
Aug-21	1.9006	-0.0025	-0.0838
Sep-21	1.9044	-0.0025	-0.0832
Oct-21	1.9079	-0.0024	-0.0830
Nov-21	1.9105	-0.0023	-0.0824
Dec-21	1.9107	-0.0024	-0.0813
Jan-22	1.9112	-0.0025	-0.0792
Feb-22	1.9086	-0.0026	-0.0769
Mar-22	1.9016	-0.0028	-0.0743
Apr-22	1.8896	-0.0029	-0.0715
May-22	1.8827	-0.0028	-0.0690
Jun-22	1.8778	-0.0025	-0.0661
Jul-22	1.8791	-0.0024	-0.0640
Aug-22	1.8804	-0.0023	-0.0621
Sep-22	1.8822	-0.0022	-0.0605

Sprague HeatCurve October 2021-April 2022		Close	Change
Crude - WTI	May Brent- WTI Spread	\$63.4300	\$0.2400
Crude - Brent		\$67.0500	\$0.2800
Natural Gas	\$3.62	\$2.7490	\$0.0690
Gasoline		\$2.0445	\$0.0046

### ICE June Brent-WTI Spread



### June Heating Oil Crack Spread

### June RBOB Crack Spread

