

## Market Commentary

**Recap:** The crude oil market posted an inside trading day and traded higher following six consecutive sessions of losses. The market, which traded over \$2 lower on Wednesday on expectations of further increases in interest rates, bounced off its lows and retraced some of its previous losses on the news that Russia plans to cut oil exports from its western ports by up to 25% in March, exceeding its announced production cuts of 500,000 bpd. The crude market posted a low of \$73.83 in overnight trading as it failed to test its previous low of \$73.80 and gradually traded higher to \$75.96 ahead of the release of the EIA petroleum stocks reports. However, the market retraced some of its gains and traded in a sideways pattern following the release of the EIA report, which showed a larger than expected build in crude stocks once again and an unexpected build in distillate stocks. The market later traded to a high of \$75.99 in afternoon trading before it once again settled in sideways trading range ahead of the close. The April WTI contract settled up \$1.44 at \$75.39 and the April Brent contract settled up \$1.61 at \$82.21. Meanwhile, the product markets ended mixed, with the heating oil market settling down 67 points at \$2.7081 and the RB market settling up 4.19 cents at \$2.3795.

**Technical Analysis:** The oil market on Friday will likely remain supported as the markets turns its focus back on the news regarding the Russian output cut in March. The market is seen holding support at \$75.05, its lows of \$73.83 and \$73.80 and \$73.08, basis a trendline. More distant support is seen at \$72.64 and \$72.25. Meanwhile, resistance is seen at its highs of \$75.96, \$76.55, \$77.38, basis a trendline, \$77.51 and \$78.25.

**Fundamental News:** The EIA reported that U.S. crude oil inventories increased for the ninth consecutive week and to the highest level since May 2021 as refinery activity continued to slow down. Crude oil inventories increased by 7.6 million barrels to 479 million barrels in the week ending February 17<sup>th</sup>. Crude oil stocks held in Cushing, Oklahoma increased by 700,000 barrels to 40.4 million barrels, the highest level since June 2021. Gulf Coast crude stocks increased by 4.8 million barrels on the week to 267.9 million barrels, the highest level since May 2021. The EIA also reported that distillate stocks increased by 2.698 million barrels on the week to 121.9 million barrels, the highest level since January 2022. Refinery utilization fell by 0.6% to 85.9%.

UBS cut its oil price forecasts amid a period of range bound trading but continues to view that disruptions to Russian supplies and increasing demand in China should increase prices back towards \$100/barrel later this year. UBS cut its June forecast by \$10/barrel to \$100/barrel and its September and December forecasts by \$5 to \$105/barrel. UBS expects demand to increase by 1.6 million bpd this year, half of which will come from China.

The Chief Executive Officer of Pioneer Natural Resources, Scott Sheffield, said oil prices will likely increase to the \$90/barrel-\$100/barrel range by this summer.

Colonial Pipeline Co is allocating space for Cycle 13 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

The U.S. Commerce Department confirmed that the economy grew solidly in the fourth quarter, though much of the increase in output came from unsold goods at businesses. It reported that GDP increased at a revised 2.7% annualized rate last quarter. That was revised down from the 2.9% pace reported in the previous month.

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

WTI - April \$76.04, up 65 cents  
 RBOB - March \$2.3807, up 12 points  
 HO - March \$2.7404, up 3.23 cents

## All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-23	2.7081	-0.0067	-0.1363
Apr-23	2.6908	-0.011	-0.1282
May-23	2.6596	-0.0073	-0.1209
Jun-23	2.6338	-0.0004	-0.1126
Jul-23	2.6223	0.0053	-0.105
Aug-23	2.6171	0.0087	-0.1001
Sep-23	2.6172	0.0096	-0.0982
Oct-23	2.616	0.0103	-0.0959
Nov-23	2.6127	0.0113	-0.0922
Dec-23	2.606	0.0124	-0.0875
Jan-24	2.6014	0.014	-0.0821
Feb-24	2.5935	0.0162	-0.0767
Mar-24	2.578	0.0183	-0.072
Apr-24	2.554	0.0193	-0.0677
May-24	2.5406	0.0196	-0.0633
Jun-24	2.5304	0.0201	-0.0599
Jul-24	2.5232	0.0207	-0.0586

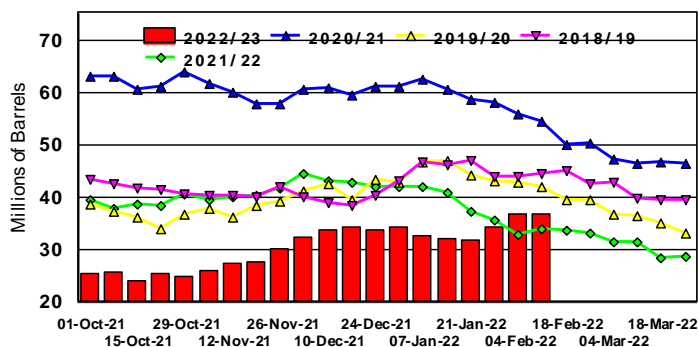
Sprague HeatCurve October 2023-April 2024			\$2.5953
		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$6.61	\$75.6000	\$1.4100
Crude - Brent		\$82.2100	\$1.6100
Natural Gas		\$2.3140	\$0.1400
Gasoline		\$2.3795	\$0.0419

### EIA Working Gas Storage Report

	17-Feb-23	10-Feb-23	Change	17-Feb-22
East	479	498	-19	402
Midwest	575	601	-26	457
Mountain	106	114	-8	106
Pacific	108	122	-14	176
South Central	926	931	-5	660
Salt	262	262	0	169
Nonsalt	664	670	-6	491
Total	2195	2266	-71	1,800

## Weekly EIA Petroleum Status Report for the Week Ending February 17, 2023

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 7.647 million barrels  
 Cushing, OK Crude Stocks Up 700,000 barrels  
**Gasoline Stocks** Down 1.856 million barrels  
**Distillate Stocks** Up 2.698 million barrels  
**Refinery % Operated** 85.9%, down 0.6%

### PADD #1

Distillate Stocks (in million bbl)	Week Ending Feb 17, 2023	Week Ending Feb 10, 2023	Week Ending Feb 18, 2022
New England	4.6	4.6	5.9
Central Atlantic	19.1	16.7	16.6
Total PADD #1	36.6	36.6	33.6
Distillate Imports (thousands b/d)	389	197	353

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