

Market Commentary

Recap: Oil prices rebounded on Tuesday as Russian oil and gas condensate production fell to 2020 lows and OPEC warned it would be impossible to replace potential supply losses from Russia. Russian oil and gas condensate production fell below 10 million barrels per day (bpd) on Monday to its lowest since July 2020, two sources familiar with data said on Tuesday, as sanctions and logistical constraints hampered trade. The Organization of the Petroleum Exporting Countries (OPEC) warned it would be impossible to replace 7 million barrels per day (bpd) of Russian oil and other liquids exports lost in the event of sanctions or voluntary actions. Oil prices also gained as Shanghai eased lockdowns for some housing complexes, but most people remained confined to their homes. WTI for May delivery added \$6.31 per barrel, or 4.49% to settle at \$100.60. June Brent increased by \$6.16, or 6.26%, to \$104.64 a barrel. May heating oil gained 19.67 cents, or 6.02% to close at \$3.4644 per gallon, while May RBOB tacked on 15.07 cents, or 5.02%, finishing the session at \$3.1538 per gallon.

Market Analysis: Oil futures remain vulnerable to the Russian invasion of Ukraine, as traders focus on the possibility of sanctions on Russian oil. WTI jumped over 6% recapturing \$100 level, recouping losses from the previous session. It appears that traders have shrugged off the bearishness from the fact that the U.S. and other major oil consumers will release supplies from strategic reserves. Market participants are also awaiting the U.S. inventory report, which is expected to show an increase of 0.9 million barrels for the week ending 4/8/22. The main trend of this market is to the downside, with a push above \$105.25 needed to shift the trend. Support is seen at 98.75 and below that at \$96.15.

Fundamental News: OPEC cut its forecast for growth in world oil demand in 2022 citing the impact of Russia's invasion of Ukraine. In a monthly report, OPEC said world oil demand would increase by 3.67 million bpd in 2022, down 480,000 bpd from its previous forecast of 4.15 million bpd. World oil consumption is still expected to surpass the 100 million bpd level in the third quarter, as OPEC has been predicting. OPEC cut its forecast of 2022 world demand for its crude by 100,000 bpd. OPEC's report showed that OPEC output in March increased by 57,000 bpd to 28.56 million bpd, lagging the 253,000 bpd increase that OPEC is allowed under the OPEC+ deal. OPEC cut its 2022 non-OPEC oil supply forecast by 320,000 bpd to 2.7 million bpd. It cut Russia's liquids production forecast by 530,000 bpd.

In its Short Term Energy Outlook, the EIA said total world petroleum demand is expected to increase by 2.42 million bpd to 99.8 million barrels in 2022 and increase by 1.93 million bpd to 101.73 million bpd in 2023. Total world oil production in 2022 is expected to increase by 4.66 million bpd to 100.21 million bpd and by 2 million bpd to 102.21 million bpd in 2023. OPEC oil production is forecast to increase by 2.53 million bpd to 28.81 in 2022 and by 560,000 bpd to 29.37 million bpd in 2023. U.S. crude oil output is expected to increase by 820,000 bpd to 12.01 million bpd in 2022 and by 940,000 bpd to 12.95 million bpd in 2023. It reported that U.S. total petroleum consumption is expected to increase by 800,000 bpd to 20.58 million bpd in 2022 and by 280,000 bpd to 20.86 million bpd in 2023. In regards to prices, the EIA expects the price of Brent crude to average \$108/barrel in the second quarter of 2022 and \$102/barrel in the second half of 2022. It expects the average price of Brent crude to fall to \$93/barrel in 2023.

U.S. President Joe Biden will announce plans to extend the availability of higher biofuels - blended gasoline during the measure to curb increasing fuel costs and to cut reliance on foreign energy sources. The measure will allow Americans to keep buying E15, a gasoline that uses a 15% ethanol blend from June 1st to September 15th.

Early Market Call - as of 8:35 AM EDT

WTI - May \$101.86, up \$1.25
 RBOB - May \$3.1933, up 3.96 cents
 HO - May \$3.5190, up 5.43 cents

All NYMEX | Prior Settlements

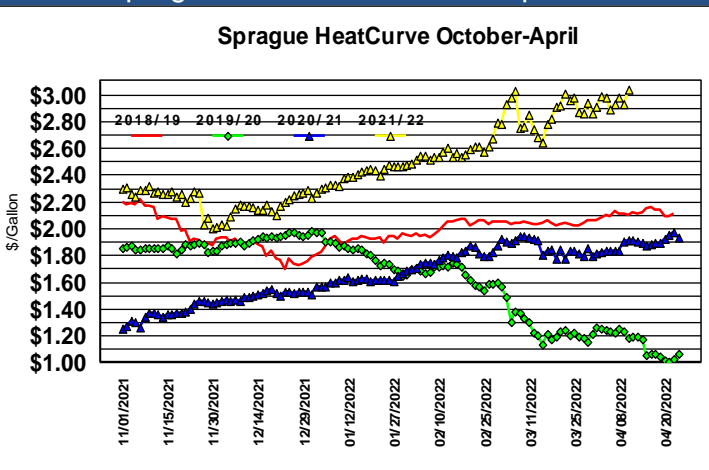
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-22	\$3.4644	\$0.1967	-\$0.0038
Jun-22	\$3.3280	\$0.1860	\$0.0496
Jul-22	\$3.2496	\$0.1740	\$0.0690
Aug-22	\$3.1891	\$0.1559	\$0.0653
Sep-22	\$3.1500	\$0.1407	\$0.0262
Oct-22	\$3.1205	\$0.1294	\$0.0576
Nov-22	\$3.0913	\$0.1198	\$0.0558
Dec-22	\$3.0632	\$0.1116	\$0.0556
Jan-23	\$3.0396	\$0.1054	\$0.0579
Feb-23	\$3.0129	\$0.1008	\$0.0596
Mar-23	\$2.9799	\$0.0944	\$0.0586
Apr-23	\$2.9429	\$0.0913	\$0.0565
May-23	\$2.9094	\$0.0878	\$0.0520
Jun-23	\$2.8796	\$0.0846	\$0.0487
Jul-23	\$2.8588	\$0.0805	\$0.0446
Aug-23	\$2.8411	\$0.0777	\$0.0411
Sep-23	\$2.8279	\$0.0760	\$0.0399

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	May Brent-WTI Spread \$4.49	\$100.1500	\$6.2300
Crude - Brent		\$104.6400	\$6.1600
Natural Gas		\$6.6800	\$0.0370
Gasoline		\$3.1538	\$0.1507

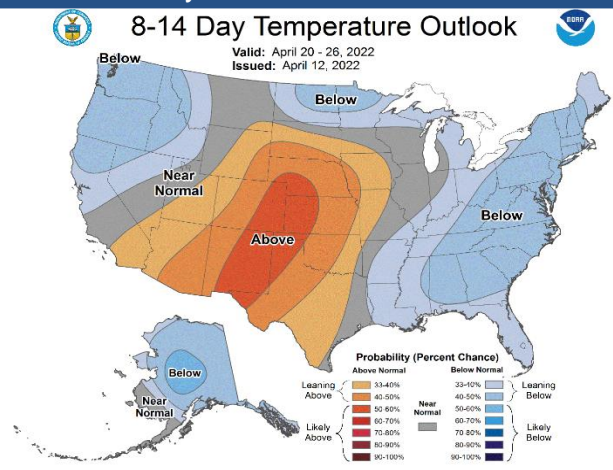
API Report for the Week Ending April 8, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 7.8 million barrels	Up 900,000 barrels
Gasoline Stocks	Down 5.1 million barrels	Down 400,000 barrels
Distillate Stocks	Down 5.0 million barrels	Down 500,000 barrels
Refinery Runs		Up 0.1% at 92.5%

Sprague HeatCurve October-April



8-14 Day Weather Forecast



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