

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil prices continued to move higher on Friday as U.S. inflation data showed some signs of price pressures easing. The market posted a low of \$73.77 in overnight trading before it bounced off that level and continued to retrace its previous losses. The market retraced more than 62% of its move from a high of \$81.04 to a low of \$64.36 as it traded towards the \$75.00 level. The market was further supported following the release of the Personal Consumption Expenditure data, which showed that prices in February increased 0.3% on the month following a 0.6% increase in January. The market rallied to a high of \$75.72 ahead of the close, slightly breaching its upward trending channel line at \$75.61. The May WTI contract settled up \$1.30 at \$75.67 and the May Brent contract, which expired at the close, settled up 50 cents at \$79.77. Despite the gains, WTI and Brent recorded monthly declines of 2% and 5%, respectively, their steepest since November. Meanwhile, the product markets ended the session in positive territory, with the heating oil market settling up 5.26 cents at \$2.6763 and the RB market settling up 3.91 cents at \$2.7005.

**Technical Analysis:** The oil market on Monday is still trending higher. The market will look towards the OPEC meeting on Monday, when OPEC+ is expected to stick to its existing production targets. The market is seen finding resistance at its high of \$75.72 followed by \$76.23, \$77.56 and \$78.17. Meanwhile, support is seen at \$73.77, \$72.61, \$71.05, \$70.51 and \$69.89. More distant support is seen at \$69.13, \$66.82 and \$64.36.

**Fundamental News:** The joint monitoring committee overseeing the OPEC+ production deal is next due to meet on April 3rd, followed by a full ministerial meeting scheduled for June 4th.

Kpler shipping data is showing that movements of U.S. Gulf Coast diesel and gasoil to Europe in March will total around 227,000 mt, some 16% lower than exports recorded in February.

Traders and fuel experts said a slowing manufacturing sector is beginning to affect U.S. diesel demand, helping rebuild stocks. According to U.S. government data, U.S. distillate inventories in March increased to within the five-year average for the first time in more than a year.

Stocks totaled 116.7 million barrels in the week ending March 24<sup>th</sup>, up 2.8% on the year. Stocks have built this year despite production cuts. U.S. distillate output fell by 9.1% in the past 12 months to 4.6 million bpd in the latest week. Diesel fuel demand is mostly from trucks. In 2021, transportation accounted for about 77% or 46.82 billion gallons of the total U.S. distillate consumption, with the remainder used in industrial and power sources. A measure of truck freight called "for hire trucking ton-miles" is down about 2% on the year, primarily from a decline in U.S. manufacturing activity. Industrial production in sectors such as paper, primary metals and wood products are down between 5% and 11% this year, cutting into transportation needs. The Cowen/AFS Freight Index projects truckload rates per mile will fall 11.6% on the year after truckload volumes fell by 13.7% annually in the fourth quarter of 2022, due to macroeconomic conditions.

Bloomberg reported that the European Commission told member states that a \$60/barrel cap on the price of Russian crude is proving effective in impacting Russia's access to petrodollars while not disrupting the market and will remain unchanged for now.

Baker Hughes reported that U.S. energy firms this week cut the number of oil and natural gas rigs, with the quarterly count dropping for the first time since 2020. It reported that the oil and gas rig count fell by three to 755 in the week ending March 31<sup>st</sup>. U.S. oil rigs fell by one to 592 this week, while gas rigs decreased by two to 160. For the quarter, the total oil and gas rig count fell by 24 rigs, the first quarterly decline since the third quarter of 2020.

**Early Market Call - as of 8:35 AM EDT**

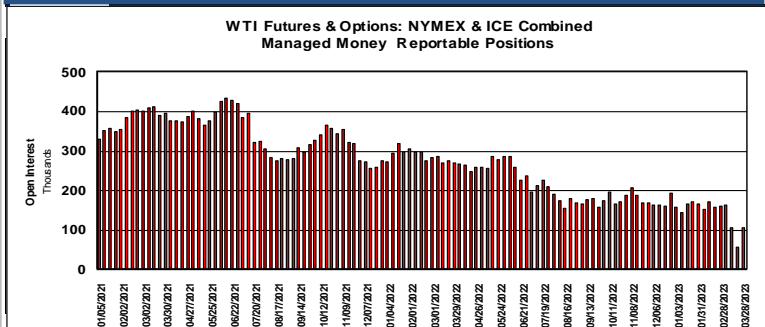
WTI - May \$80.19, up \$4.52

RBOB - April \$2.7774, up 9.64 cents

HO - April \$2.7158, up 9.52 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-23	2.6763	0.0526	-0.0189
May-23	2.6206	0.0568	0.0476
Jun-23	2.5670	0.0547	0.0746
Jul-23	2.5540	0.0520	0.0864
Aug-23	2.5488	0.0495	0.0871
Sep-23	2.5474	0.0476	0.0856
Oct-23	2.5457	0.0463	0.0840
Nov-23	2.5395	0.0447	0.0808
Dec-23	2.5305	0.0432	0.0772
Jan-24	2.5235	0.0414	0.0726
Feb-24	2.5140	0.0397	0.0676
Mar-24	2.4992	0.0386	0.0630
Apr-24	2.4782	0.0369	0.0585
May-24	2.4679	0.0357	0.0568
Jun-24	2.4597	0.0343	0.0552
Jul-24	2.4565	0.0328	0.0536
Aug-24	2.4534	0.0313	0.0511

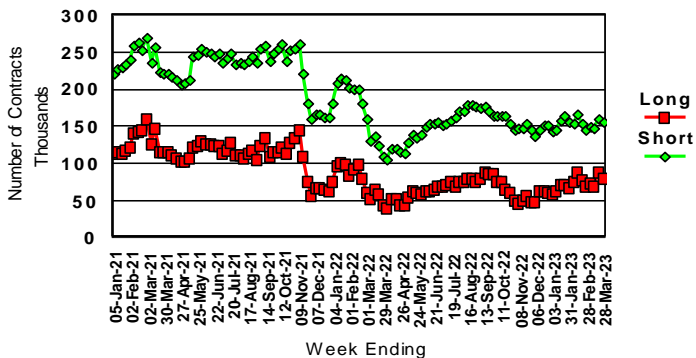
Sprague HeatCurve October 2023-April 2024		\$2.5186
	Close	Change
Crude - WTI	\$75.6700	\$1.3000
Crude - Brent	\$79.7700	\$0.5000
Natural Gas	\$2.2160	\$0.1120
Gasoline	\$2.7005	\$0.0391



## Commitment of Traders Report for the Week Ending

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

