

## Market Commentary

**Recap:** The oil market continued to trend higher on Thursday amid signs of an economic recovery in China. Data released on Wednesday showed that manufacturing activity in China grew last month at the fastest pace in more than a decade and China's seaborne imports of Russian oil are expected to reach a record high this month. The oil market breached its previous highs and retraced more than 62% of its move from a high of \$80.62 to a low of \$73.80 and also breached a trendline at \$78.18 as it rallied to \$78.35. The market erased some of its gains on fears over the impact of potential increases to European interest rates following the news that inflation in the euro zone increased in February to a higher than expected annual rate of 8.5%, with faster than expected acceleration in consumer prices in France, Spain and Germany. The oil market, however, retraced its losses and continued to rally higher. It extended its gains to 90 cents as it posted a high of \$78.59 by mid-day. The April WTI contract erased some of its gains and settled up 47 cents at \$78.16, while the April Brent contract settled up 44 cents at \$84.75. The product markets were mixed, with the heating oil market settling down 76 points at \$2.8662 and the RB market settling up 2.55 cents at \$2.7003.

**Technical Analysis:** The oil market has started to move towards the upper end of its month-long range between \$72 and \$83 and is seen remaining supported amid the optimism over China's economic recovery. The market is seen finding resistance at its high of \$78.59, \$79.54, \$79.61 and \$80.62. Further upside is seen at \$82.48 and \$82.64. Support is seen at \$78.00, its low of \$77.23, \$76.12, \$75.58, \$75.55, \$74.99 followed by \$74.09 and \$73.83-\$73.80.

**Fundamental News:** J.P. Morgan forecast Russia would be able to maintain its oil output at pre-Ukraine conflict levels of 10.8 million bpd due to steady demand from China and India but said it might struggle to reroute some of its oil product exports away from Europe. J.P. Morgan expects Indian and Chinese demand collectively to increase by 1 million bpd this year. J.P. Morgan said Russia's oil product exports were expected to drop by about 300,000 bpd to "lows last seen in May 2022" as it struggles to reroute refined products exports. The bank also said Moscow could face more competition from refiners in the Middle East coming online in the second half of the year.

Bloomberg reported that the amount of crude held in floating storage has declined significantly, contributing to a surplus that has impacted the market during the past six months. According to the IEA, tankers used as temporary storage facilities held 79.5 million barrels by the end of 2022, down nearly 40% from the year before. The flow equates, when averaged over the year, to about 100,000 bpd. One reason for the distributions from floating storage is the end of a trade that started in mid-2020. The flow appears to have continued in January as Iran is selling down its stockpile of crude and condensates. At its peak, Iran had more than 100 million barrels in tankers around the world. The IEA estimates that Iranian oil accounts for about 50% of all the crude and condensate that is left in floating storage. Bloomberg stated that as with the SPR releases that largely ended this year, the distribution from floating storage are declining, removing another supply source that will cause the market to tighten.

China's seaborne imports of Russian oil are set to reach a record in March after refiners took advantage of lower prices as domestic fuel demand rebounded. However, Russia's plan to cut exports will likely cap buying in coming months. Tanker tracking consultancies Vortexa and Kpler estimated nearly 43 million barrels of Russian crude oil, comprising about at least 20 million barrels of ESPO Blend and 11 million barrels of Urals, are set to reach China in March.

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

WTI - April \$77.60, down 56 cents  
 RBOB - April \$2.6790, down 2.13 cents  
 HO - April \$2.8454, down 2.08 cents

## All NYMEX | Prior Settlements

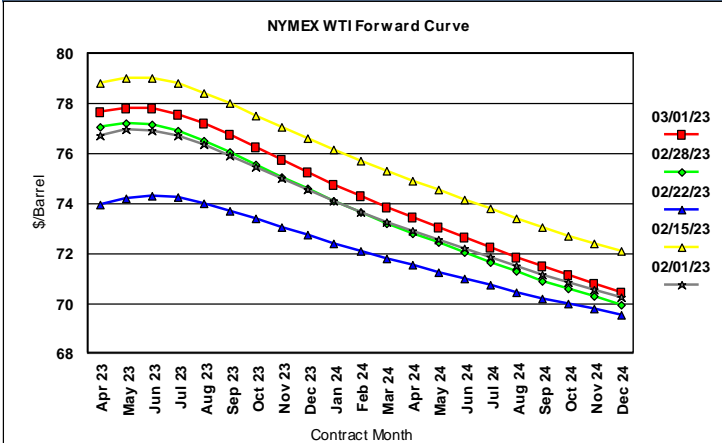
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-23	2.8662	-0.0076	0.1754
May-23	2.8096	-0.0026	0.1500
Jun-23	2.7625	0.0006	0.1287
Jul-23	2.7408	0.0030	0.1185
Aug-23	2.7295	0.0050	0.1124
Sep-23	2.7257	0.0062	0.1085
Oct-23	2.7209	0.0069	0.1049
Nov-23	2.7131	0.0075	0.1004
Dec-23	2.7014	0.0077	0.0954
Jan-24	2.6917	0.0080	0.0903
Feb-24	2.6786	0.0086	0.0851
Mar-24	2.6588	0.0090	0.0808
Apr-24	2.6313	0.0096	0.0773
May-24	2.6158	0.0114	0.0752
Jun-24	2.6022	0.0127	0.0718
Jul-24	2.5917	0.0129	0.0685
Aug-24	2.5812	0.0124	0.0643

Sprague HeatCurve October 2023-April 2024			\$2.6851
		Close	Change
Crude - WTI	Apr Brent-WTI Spread \$6.59	\$78.1600	\$0.4700
Crude - Brent		\$84.7500	\$0.4400
Natural Gas		\$2.7650	-\$0.0460
Gasoline		\$2.7003	\$0.0255

## EIA Working Gas Storage Report

	24-Feb-23	17-Feb-23	Change	24-Feb-22
East	451	479	-28	363
Midwest	544	575	-31	411
Mountain	99	106	-7	97
Pacific	99	108	-9	166
South Central	922	926	-4	625
Salt	261	262	-1	164
Nonsalt	661	664	-3	461
Total	2114	2195	-81	1,663

## WTI Forward Curve



## 8-14 Day Weather Forecast

