

## Market Commentary

**Recap:** Oil futures jumped for the third straight session, as supplies in the global crude oil market remained constrained. Exacerbating the tight supply situation is the Russian invasion of Ukraine and the U.S. imposition of an embargo on Russian imports. Oil prices have already risen 58% since the beginning of the year and on Monday neared \$140 a barrel. An apparent slowdown in talks with Iran over its nuclear program, which would end sanctions against its oil sales, added further price support. The European Union envoy in the talks said it was up to Iran and the U.S. to make political decisions to reach a deal. After surging to a high of \$129.44, a gain of 10.5%, April WTI shed some of its gains to settle at \$123.70 a barrel, up \$4.30, or 3.6%. Brent tacked on as much as 9.6%, to top the session at \$133.13 before it too pared gains to settle at \$127.98 a barrel, up \$4.77, or 3.87%.

Refining margins, the profits made from turning crude oil into products, have ballooned and could swell further after the U.S. on Tuesday banned all Russian oil imports in retaliation of Moscow's invasion of Ukraine. The market's stress over supplies can be seen in the time spreads that show buyers are paying dearly to source fuel now, lest it become unavailable. For example, the price for U.S. gasoline futures for delivery now versus in six months has surged to record highs. Margins to produce distillates in the U.S., such as heating oil and diesel climbed as high as \$63.26 a barrel on Tuesday, their highest since April 2020, when crude oil futures turned negative during the coronavirus pandemic. Margins for gasoline rose to \$3.639 a barrel on Monday, also its highest since April 2020, but since edged down to around \$31 per barrel on Tuesday. The 3-2-1 crack spread, a proxy for refining margins, surged to \$41.19 a barrel on Tuesday, the highest since at least a year ago. April RBOB added .1105 cents, to settle at \$3.6769 a gallon, while April heating oil tacked on .5158 cents per gallon, to settle at \$4.4373.

**Market Outlook:** Both the main and the minor trend in the oil markets are to the upside. That being said, we are still comfortable buying this market on dips. Support is seen at \$120 and below that at \$110 in WTI.

**Fundamental News:** The White House said U.S. President Joe Biden will sign an executive order banning import of Russian oil, liquefied natural gas, and coal to the United States in retaliation for Russia's invasion of Ukraine.

The Financial Times reported that the IEA is ready to release more oil to ease increasing energy prices.

The EIA reported that global consumption of petroleum and liquid fuels will average 100.6 million bpd for all of 2022, up 3.1 million bpd from 2021. It forecast that consumption will increase by 1.9 million bpd in 2023 to average 102.6 million bpd. The EIA reported that U.S. crude oil output is expected to increase by 850,000 bpd to 12.03 million bpd in 2022 and by 960,000 bpd to 12.99 million bpd in 2023. Meanwhile, U.S. total petroleum consumption is forecast to increase by 870,000 bpd to 20.65 million bpd in 2022. U.S. demand in 2023 is forecast to increase by 190,000 bpd to 20.84 million bpd, compared with a previous estimate of an increase of 290,000 bpd.

Goldman Sachs in a research note to clients said Brent crude oil prices could reach \$175 per barrel this year if two-thirds of Russia's seaborne oil exports are curtailed over its military action in the Ukraine. The bank has raised its 2022 Brent spot price forecast to \$135 per barrel, with its 2023 forecast now at \$115 b/d up from \$98 per barrel and \$105 per barrel forecast respectively.

Analysts at Rystad Energy said global oil prices could increase to \$200/barrel if Europe and the U.S. were to ban imports of Russian oil following Russia's invasion of Ukraine.

### Early Market Call - as of 9:10 AM EDT

WTI - Apr \$116.60, down \$7.08

RBOB - Apr \$3.5251, down 16.04 cents

HO - Apr \$3.8265, down 61.10 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-22	4.4373	0.5158	1.2862
May-22	4.1355	0.4275	1.0974
Jun-22	3.8596	0.3517	0.9230
Jul-22	3.6131	0.2842	0.7557
Aug-22	3.4578	0.2506	0.6583
Sep-22	3.3571	0.2106	0.5576
Oct-22	3.2599	0.1569	0.5106
Nov-22	3.1652	0.1087	0.4402
Dec-22	3.0803	0.0652	0.3787
Jan-23	3.0168	0.0410	0.3383
Feb-23	2.9767	0.0367	0.3217
Mar-23	2.9337	0.0316	0.3049
Apr-23	2.8861	0.0181	0.2876
May-23	2.8461	0.0065	0.2729
Jun-23	2.8112	-0.0056	0.2577
Jul-23	2.7921	-0.0085	0.2501
Aug-23	2.7747	-0.0104	0.2413

### Sprague HeatCurve October 2022-April 2023

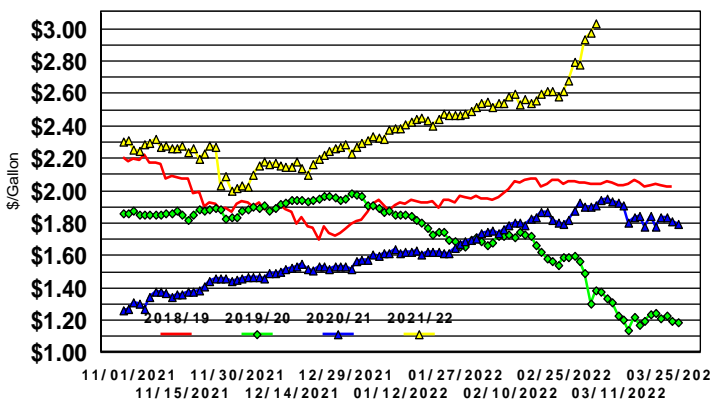
	Close	Change
Crude - WTI	\$119.6500	\$3.8500
Crude - Brent	\$127.9800	\$4.7700
Natural Gas	\$4.5270	-\$0.3060
Gasoline	\$3.6826	\$0.1105

### API Report for the Week Ending March 4, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 9.9 million barrels	Down 700,000 barrels
Gasoline Stocks	Up 1.369 million barrels	Down 2.1 million barrels
Distillate Stocks	Up 1.5 million barrels	Down 1.9 million barrels
Refinery Runs		Up 0.2%, 87.7%

## Sprague HeatCurve

### Sprague HeatCurve October-April



## 8-14 Day Weather Forecast

