

Market Commentary

Recap: The oil market posted an inside trading day as the market rallied higher early in the session on hopes of increased demand amid an expansion in China's manufacturing activity but failed to breach its previous highs. The oil market traded to \$77.74 as an official index showed that China's manufacturing activity expanded at the fastest pace in more than a decade in February, adding to hopes that the country's recovery can offset a global slowdown and increase oil demand. The oil market, which failed to breach its previous high of \$77.83, erased its gains and sold off to a low of \$76.12 early Wednesday morning ahead of the release of the EIA weekly petroleum stock report. The market later retraced its earlier losses and traded back towards its high and remained supported despite the EIA reporting a build in crude stocks of 1.2 million barrels. The market, which failed to test its support at its previous low, remained supported with further buying ahead of the close pushing the market to a high of \$77.76. The April WTI contract settled up 64 cents at \$77.69 and the April Brent contract settled up 86 cents at \$84.31. The WTI market continued to trend higher in post-settlement trading and posted a new high of \$77.85. The product markets ended the session higher, with the heating oil market settling up 6.82 cents at \$2.8738 and the RB market settling up 3.28 cents at \$2.6748.

Technical Analysis: The oil market is seen continuing on its upward trend following today's supportive news regarding China's growth. The market is seen finding resistance at its high of \$77.85 followed by further resistance at \$78.01, its 62% retracement level off a low of \$73.80 to a high of \$80.62. More distant upside is seen at \$78.25, \$79.54, \$79.61 and \$80.62. Meanwhile, support is seen at its low of \$76.12, 75.94, basis a trendline, \$75.55, \$74.99, \$74.09 and \$73.83-\$73.80.

Fundamental News: According to U.S. Energy Information Administration data, U.S. crude oil exports increased to a record high of 5.6 million bpd in the week ending February 24th. It stated that an over 1 million bpd increase in exports caused net crude imports to fall to a record low at 600,000 bpd. The EIA reported that U.S. crude stocks increased by 1.166 million barrels to 480.2 million barrels, the highest level since May 2021. U.S. Midwest crude stocks increased by 500,000 barrels to 128.6 million barrels, the highest level since June 2021 and stocks in Cushing, Oklahoma increased by 300,000 barrels to 40.7 million barrels, the highest level since June 2021. U.S. distillate stocks increased by 179,000 barrels on the week to 122.1 million barrels, the highest level since January 2022.

According to the EIA, U.S. consumption of diesel and other distillate fuel oils ended last year at the slowest rate for a decade in response to the slowdown in manufacturing and freight activity. The volume of distillate fuel oil supplied to the domestic market averaged 3.7 million bpd in December 2022. Distillate consumption fell below prior-year levels in six of the nine months between April and December 2022 as demand dropped. Slower consumption created some scope to stabilize depleted distillate inventories towards the end of 2022. However, inventories ended the year at 119 million barrels, the lowest for the time of year since 2000 and before that 1989. Weekly statistics show stocks rebuilding further in the first two months of 2023. However, inventories remain significantly below the long-term average, which means prices are likely to rise again rapidly if manufacturing activity strengthens again in the next few months.

S&P Global estimated global refinery outages for the week ending February 24th fell roughly 180,000 b/d to 6.75 million b/d, but refinery outages are expected to climb in March as spring maintenance season starts. Platts estimates Chinese refinery maintenance by mid-March will shut some 440,000 b/d of capacity being taken offline and as a result may lead to a reduction in Chinese clean product exports by 50% from February levels.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1,627,000 bpd of capacity in the week ending March 3rd, increasing available refining capacity by 187,000 bpd.

Early Market Call - as of 8:55 AM EDT

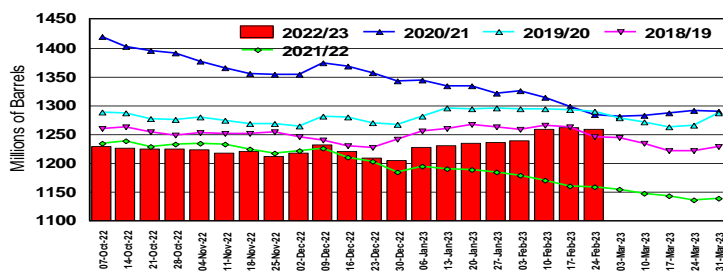
WTI - April \$77.87, up 18 cents
 RBOB - April \$2.6856, up 1.08 cents
 HO - April \$2.8930, up 1.90 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-23	2.8738	0.0682	0.172
May-23	2.8122	0.058	0.1453
Jun-23	2.7619	0.0493	0.1277
Jul-23	2.7378	0.0452	0.1208
Aug-23	2.7245	0.0423	0.1161
Sep-23	2.7195	0.0404	0.1119
Oct-23	2.714	0.039	0.1083
Nov-23	2.7056	0.0373	0.1042
Dec-23	2.6937	0.0356	0.1001
Jan-24	2.6837	0.0334	0.0963
Feb-24	2.67	0.0305	0.0927
Mar-24	2.6498	0.0281	0.0901
Apr-24	2.6217	0.0258	0.087
May-24	2.6044	0.0232	0.0834
Jun-24	2.5895	0.0215	0.0792
Jul-24	2.5788	0.0215	0.0763
Aug-24	2.5688	0.0218	0.0741

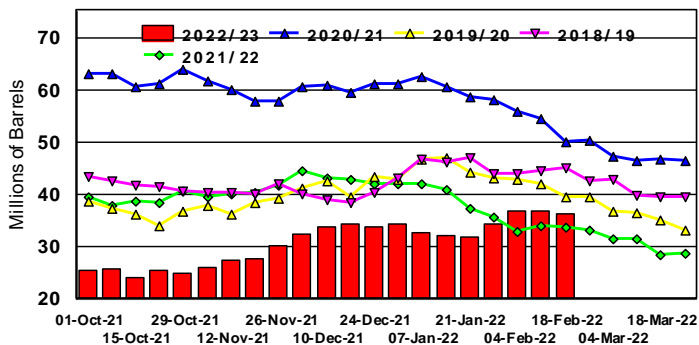
Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$6.62	\$77.6900	\$0.6400
Crude - Brent		\$84.3100	\$0.8600
Natural Gas		\$2.8110	\$0.0640
Gasoline		\$2.6748	\$0.0328

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending February 24, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.166 million barrels
 Cushing, OK Crude Stocks Up 307,000 barrels
Gasoline Stocks Down 874,000 barrels
Distillate Stocks Up 179,000 barrels
Refinery % Operated 85.8%, down 0.1%

PADD #1

	Week Ending Feb 24, 2023	Week Ending Feb 17, 2023	Week Ending Feb 25, 2022
Distillate Stocks (in million bbl)			
New England	4.5	4.6	6.0
Central Atlantic	19.4	19.1	16.5
Total PADD #1	36.3	36.6	33.2
Distillate Imports (thousands b/d)	146	389	388