

## Market Commentary

**Recap:** On Wednesday, the oil market extended its sharp losses seen on Tuesday, as traders remained concerned about the economy as the Fed raised interest rates. In overnight trading, the crude market traded sideways and posted a high of \$71.79. However, the market began its sell off amid the expectations that the Fed would announce another quarter point increase in interest rates in its fight against inflation later in the day. The market was further pressured as the EIA report showed a slightly larger than expected draw in crude stocks of more than 1.2 million barrels on the week. The crude market sold off to a low of \$67.95 before it bounced off that level and settled in a sideways trading range ahead of the Fed announcement. The market continued to trade sideways after the Fed announced an expected 25 basis point increase in interest rates. The June WTI contract settled down \$3.06 at \$68.60 and the July Brent contract settled down \$2.99 at \$72.33, the lowest level since December 2021. The product markets also ended the session sharply lower once again. The June heating oil contract settled down 5.69 cents at \$2.2323 and the RB market settled down 11.36 cents at \$2.3221 after it sold off on the EIA report showing an unexpected build in gasoline stocks.

**Technical Analysis:** The crude market is seen retracing some of its sharp losses before it continues on its downward trend. Support is seen at its low of \$67.95 followed by \$67.02 and \$64.58. Meanwhile, resistance is seen at \$69.15, \$69.75, \$69.81, its high of \$71.79 followed by \$73.84 and \$75.66. More distant upside is seen at \$76.11, \$76.69, \$76.92 and \$77.49.

**Fundamental News:** According to the EIA, U.S. crude oil stocks in the SPR in the week ending April 28<sup>th</sup> fell by about 2 million barrels to 364.9 million barrels, their lowest level since October 1983 for a third consecutive week.

Russia's Deputy Prime Minister, Alexander Novak, said Russia and its OPEC+ partners were "studying" the recent fall in world oil prices.

Morgan Stanley lowered its Brent crude price forecast to \$75/barrel by year-end. It expects the oil market in 2024 to be oversupplied by 500,000 bpd. It expects oil demand growth to slow down in 2024 as "Tailwinds from China reopening and recovery in aviation will mostly be behind us."

Iraqi Oil Minister, Hayan Abdel-Ghani, said Iraq's federal government expects to reach an agreement with the Kurdistan Regional Government needed to resume oil exports from the semi-autonomous Kurdistan region in northern Iraq to the Turkish port of Ceyhan within two weeks. Turkey halted Iraq's 450,000 bpd of northern exports through the Iraq-Turkey pipeline on March 25<sup>th</sup> after an arbitration ruling by the International Chamber of Commerce.

Platts is estimating gasoline exports out of Northwest Europe continues to decline on a weekly basis. It estimated some 692,000 mt were slated to be exported in the current week starting May 1<sup>st</sup>, compared to the prior four week average of 918,000 mt exported.

IIR Energy said U.S. oil refiners are expected to shut in 706,000 bpd of capacity in the week ending May 5<sup>th</sup>, increasing available refining capacity by 453,000 bpd.

S&P Global is forecasting global refinery downtime to decrease to 5.3 million b/d in August after reaching 8.76 million b/d in April.

Colonial Pipeline Co is allocating space for Cycle 27 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

The Federal Reserve raised interest rates by a quarter of a percentage point and signaled it may pause further increases, giving officials time to assess the fallout from recent bank failures, wait on the resolution of a political standoff over the U.S. debt ceiling, and monitor the course of inflation. The unanimous decision increased the U.S. central bank's benchmark overnight interest rate to the 5.00%-5.25% range, the Fed's tenth consecutive increase since March 2022.

**Early Market Call - as of 8:20 AM EDT**

WTI - June \$68.69, up 10 cents

RBOB - June \$2.3282, up 61 points

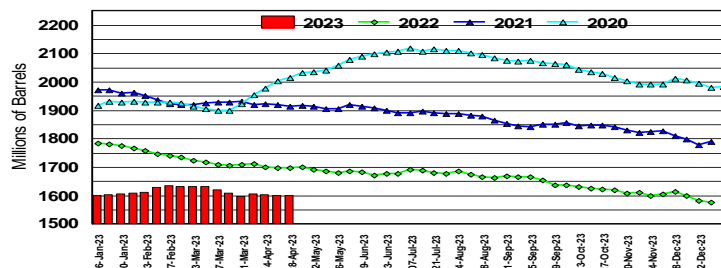
HO - June \$2.2414, up 91 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-23	2.2323	-0.0569	-0.1369
Jul-23	2.2345	-0.0570	-0.1355
Aug-23	2.2412	-0.0569	-0.1358
Sep-23	2.2505	-0.0573	-0.1354
Oct-23	2.2595	-0.0576	-0.1321
Nov-23	2.2637	-0.0571	-0.1277
Dec-23	2.2638	-0.0566	-0.1247
Jan-24	2.2680	-0.0557	-0.1213
Feb-24	2.2688	-0.0547	-0.1173
Mar-24	2.2626	-0.0531	-0.1121
Apr-24	2.2470	-0.0516	-0.1069
May-24	2.2374	-0.0516	-0.1059
Jun-24	2.2283	-0.0515	-0.1061
Jul-24	2.2264	-0.0512	-0.1038
Aug-24	2.2249	-0.0509	-0.1012
Sep-24	2.2229	-0.0504	-0.0995
Oct-24	2.2211	-0.0502	-0.0976

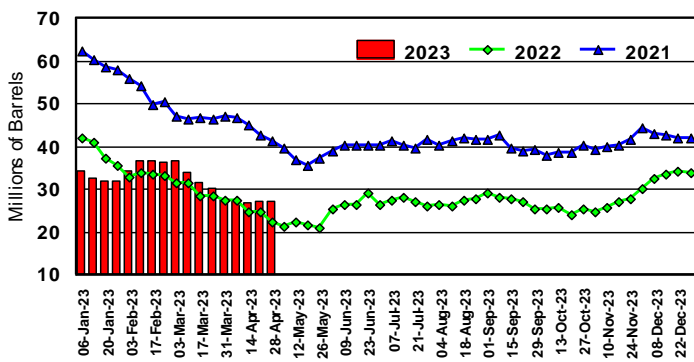
Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	July Brent-WTI Spread \$3.78	\$68.5500	-\$3.0000
Crude - Brent		\$72.3300	-\$2.9900
Natural Gas		\$2.1700	-\$0.0440
Gasoline		\$2.3221	-\$0.1136

## Total U.S. Oil Stocks Including SPR



## Weekly EIA Petroleum Status Report for the Week Ending April 28, 2023

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 1.281 million barrels  
 Cushing, OK Crude Stocks Up 541,000 barrels  
**Gasoline Stocks** Up 1.742 million barrels  
**Distillate Stocks** Down 1.19 million barrels  
**Refinery % Operated** 90.7%, down 0.6%

### PADD #1

	Week Ending (in million bbl)	Week Ending Apr 21, 2023	Week Ending Apr 29, 2022
Distillate Stocks	27.0	27.1	22.4
New England	3.8	4.0	3.4
Central Atlantic	12.1	12.6	9.1
Total PADD #1	27.0	27.1	22.4
Distillate Imports (thousands b/d)	118	79	58