

Market Commentary

Recap: The crude oil market climbed sharply on Tuesday as the Russian/Ukrainian situation continued to escalate, as the chances of a full scale Russian invasion of the Ukraine grew into a distinct possibility. With the April Brent market nearly touching the \$100.00 per barrel price level early this morning, prices settled later in the day at \$96.84, up \$1.45 as the bullish fever in the market seemed to moderate a bit following no immediate signs of a wide scale invasion by Russian troops as well as a more measured and restrained comments from European and American allies. Also tempering bullish market sentiment was reports that an Iranian nuclear agreement could be concluded shortly.

The NYMEX March WTI contract expired today settling up \$1.28 per barrel or 1.4% at \$92.35, with the new front month April contract settling up even more, up \$1.70 per barrel or 1.9% at 91.91. Meanwhile the March products both finished stronger with the March RBOB contract up 4.12 cents at \$2.7108 and March ULSD up 3.73 cents at \$2.8188.

Ahead of the ICE April Brent crude option expiration on Wednesday, the most held nearby contracts are the \$100 calls, with 12,204 lots of open interest. There are about 120,600 calls and 61,300 puts expiring on Wednesday.

We would look for this market on Wednesday to make another attempt to rally higher as it appears there will be no quick de-escalation of geopolitical tensions. In addition we feel the market will also feel the technical pull upward by the expiration of March Brent options and the impetus to reach the \$100 price level and in doing so triggering the March \$100 calls in the ICE Brent options as they move into the money.

Fundamental News: Iranian President, Ebrahim Raisi, said that talks in Vienna on reviving Tehran's 2015 nuclear deal with world powers cannot succeed unless the United States is prepared to lift sanctions on the Islamic Republic. Last week, Reuters reported that a U.S. - Iranian deal is taking shape in Vienna after months of indirect talks to revive the nuclear agreement. Raisi was more cautious than Iranian Foreign Ministry spokesman, Saeed Khatibzadeh, who said earlier that the Vienna negotiations had made "significant progress". He also said that "nothing is agreed until everything is agreed" in the Vienna talks. He added that "The remaining issues are the hardest." On Tuesday, during a gas exporters summit, Iranian President Ebrahim Raisi told gas exporters to avoid any "cruel" sanctions such as those imposed by the United States on Tehran, and his government said any revival of Iran's 2015 nuclear accord with world powers must lift such curbs.

Mikhail Ulyanov, a Russian envoy said that talks on restoring the nuclear agreement between Iran and the world powers and ease sanctions are near conclusion. He said negotiation "apparently" are "about to cross the finish line." Also, sources close to the negotiations said a prisoner swap between Iran and the U.S. is expected soon. On Saturday, Iranian Foreign Minister, Hossein Amirabdollahian, said Iran was ready for an immediate prisoner exchange with the U.S.

Russia's Energy Minister, Nikolai Shulginov, considers the oil price of between \$55 and \$70/barrel as 'optimal' for the market. He added that Russia was increasing its oil production within the agreed volumes as part of the OPEC+ deal.

Diesel imports into Europe are set to reach 4.5 million tons in February, broadly unchanged from the previous month's 4.4 million tons. Diesel imports from Russia are expected to remain high this week at about 914,000 tons.

Early Market Call - as of 8:20 AM EDT

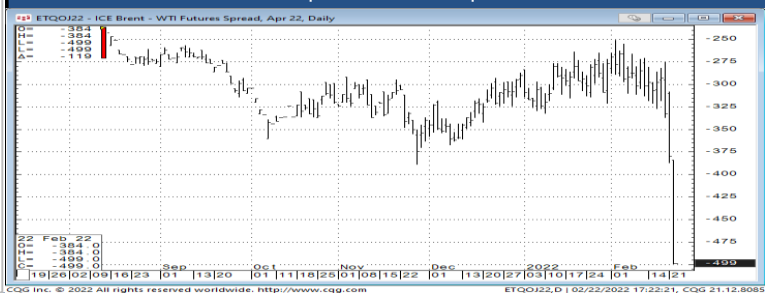
WTI - Mar \$91.67, down 24 cents
 RBOB - Mar \$2.7121, up 13 points
 HO - Mar \$2.8002, down 1.86 cents

All NYMEX | Prior Settlements

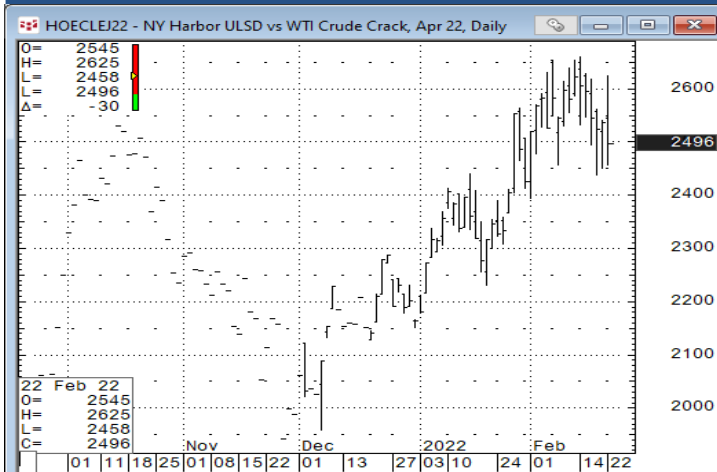
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-22	2.8188	0.0373	-0.0407
Apr-22	2.7905	0.0412	0.0262
May-22	2.7404	0.0421	0.0495
Jun-22	2.7014	0.0418	0.0605
Jul-22	2.6708	0.0405	0.0601
Aug-22	2.6510	0.0379	0.0584
Sep-22	2.6429	0.0360	0.0503
Oct-22	2.6348	0.0353	0.0577
Nov-22	2.6240	0.0351	0.0589
Dec-22	2.6114	0.0352	0.0603
Jan-23	2.5984	0.0354	0.0611
Feb-23	2.5816	0.0354	0.0621
Mar-23	2.5624	0.0354	0.0638
Apr-23	2.5383	0.0340	0.0647
May-23	2.5190	0.0330	0.0649
Jun-23	2.5047	0.0320	0.0656
Jul-23	2.4981	0.0338	0.0663

Sprague HeatCurve October 2022-April 2023		\$2.5922	
		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$4.93	\$91.9100	\$1.7000
Crude - Brent		\$96.8400	\$1.4500
Natural Gas		\$4.4980	\$0.0670
Gasoline		\$2.7108	\$0.0412

ICE April Brent-WTI Spread



April Heating Oil Crack Spread



April RBOB Crack Spread

