

Market Commentary

Recap: On Tuesday, the oil market posted an outside trading day for the second consecutive day as Chinese inflation data suggested persistent demand weakness, while a softer dollar and hopes that the Federal Reserve may ease its policy tightening after this week's U.S. inflation report provided some support. The market retraced some of Monday's late losses in overnight trading and traded to \$80.61 before it found some further selling pressure. The market breached its support at \$79.61 and sold off to a low of \$79.37. However, the market just as quickly bounced off its lows and retraced all of its earlier losses and then some. The market extended its gains by over \$1.80 to \$81.59, ahead of the close, as the dollar eased on hopes that the Federal Reserve is getting closer to ending its rate hike cycle. The May WTI contract settled up \$1.79 at \$81.53 and the June Brent contract settled up \$1.43 at \$85.61. The product markets ended the session mixed, this time with the heating oil market settling down 1.32 cents at \$2.6682 and the RB market settling up 5.73 cents at \$2.8652.

Market Analysis: While the market traded higher and posted an outside trading day, it continues to trade within its recent trading range from \$79.00 to \$81.81. The oil market on Wednesday will be driven by the weekly petroleum stock reports which are expected to show draws across the board. The U.S. inflation report due out on Wednesday morning could also provide further direction as investors gauge the near-term trajectory for interest rates. The crude market is seen finding support at its low of \$79.37 and its gap from \$79.00 to \$75.72. More distant support is seen at \$75.14, \$73.77, \$73.09, \$72.61, \$72.19 and \$71.03. Meanwhile, resistance is seen at its high of \$81.58 and \$81.81. More distant upside is seen at \$82.64, \$83.34, \$85.45 and \$87.51.

Fundamental News: The EIA stated in its Short Term Energy Outlook that it expects the global oil markets to be in relative balance over the coming year. The EIA cut its 2023 world oil demand growth forecast by 40,000 barrels per day to 1.44 million bpd but raised its oil demand growth estimate for 2024 by 60,000 bpd to 1.85 million bpd. Total world oil demand is estimated at 100.87 million bpd in 2023 and 102.72 million bpd in 2024. Meanwhile, global petroleum production is forecast to increase by 1.46 million bpd to 101.3 million bpd in 2023 and by 1.95 million bpd to 103.25 million bpd in 2024. OPEC output is expected to fall by 480,000 bpd to 33.69 million bpd in 2023 and increase by 960,000 bpd to 34.65 million bpd in 2024. The EIA estimated that U.S. crude production will increase in 2023, while demand would increase marginally higher. The EIA projected that crude production will increase by 5.5% or 66,000 bpd to 12.54 million bpd in 2023 and 1.7% or 21,000 bpd to 12.75 million bpd in 2024. Its production growth estimates for 2023 and 2024 are up from previous estimates of 56,000 bpd in 2023 and 19,000 bpd, respectively. The agency also projected petroleum and other liquid fuels consumption would increase 0.5% or 100,000 bpd to 20.4 million bpd in 2023, unchanged from a previous estimate, and rise 1.6% or 300,000 bpd to 20.7 million bpd in 2024, down from a previous estimate of an increase of 400,000 bpd. U.S. gasoline demand is estimated to increase by 80,000 bpd to 8.86 million bpd in 2023 and remain unchanged at 8.86 million bpd in 2024. U.S. distillate demand is forecast to fall by 70,000 bpd to 3.89 million bpd in 2023 and increase by 70,000 bpd to 3.96 million bpd in 2024. In regards to prices, the EIA forecast Brent crude oil prices averaging \$85/barrel in 2023 and \$81/barrel in 2024 and WTI prices averaging \$79.24/barrel in 2023 and \$75.21/barrel in 2024. U.S. gasoline prices are expected to average \$3.50/gallon this summer, peaking between \$3.60-\$3.70/gallon in June. The EIA expects U.S. refinery utilization to average 90% this year and in 2024.

Colonial Pipeline Co is allocating space for Cycle 23 on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina. The current allocation is for the pipeline segment north of Collins, Mississippi.

Early Market Call - as of 8:50 AM EDT

WTI - May \$82.10, up 57 cents
 RBOB - May \$2.8412, down 2.4 cents
 HO - May \$2.6686, up 4 points

All NYMEX | Prior Settlements

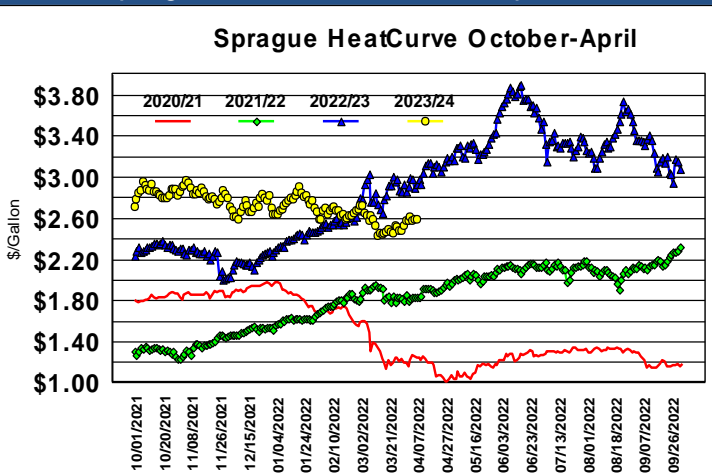
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-23	2.6682	-0.0132	0.0015
Jun-23	2.6230	-0.0057	-0.0007
Jul-23	2.6105	-0.0034	-0.0052
Aug-23	2.6098	-0.0014	-0.0042
Sep-23	2.6113	-0.0003	-0.0030
Oct-23	2.6110	0.0002	-0.0016
Nov-23	2.6059	0.0014	0.0012
Dec-23	2.5980	0.0023	0.0045
Jan-24	2.5920	0.0023	0.0073
Feb-24	2.5823	0.0020	0.0088
Mar-24	2.5649	0.0019	0.0091
Apr-24	2.5391	0.0024	0.0084
May-24	2.5227	0.0032	0.0072
Jun-24	2.5078	0.0029	0.0054
Jul-24	2.5015	0.0023	0.0047
Aug-24	2.4949	0.0026	0.0035
Sep-24	2.4874	0.0013	0.0039

Sprague HeatCurve October 2023-April 2024			\$2.5853
		Close	Change
Crude - WTI	June Brent-WTI Spread \$4.12	\$81.4900	\$1.7200
Crude - Brent		\$85.6100	\$1.4300
Natural Gas		\$2.1860	\$0.0140
Gasoline		\$2.8652	\$0.0573

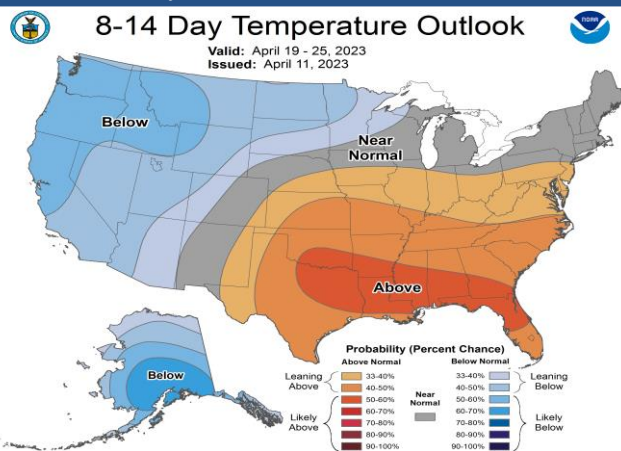
API Report for the Week Ending April 7, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 377,000 barrels	Down 600,000 barrels
Gasoline Stocks	Up 450,000 barrels	Down 1.6 million barrels
Distillate Stocks	Down 2 million barrels	Down 800,000 barrels
Refinery Runs		Up 0.5% at 90.1%

Sprague HeatCurve October-April



8-14 Day Weather Forecast



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