

## Market Commentary

**Recap:** Oil futures rose for the third straight session on Wednesday, with WTI ending at its highest level in more than a decade. Oil prices were trading higher with no end in sight to the Russian invasion of Ukraine, which threatens to disrupt global crude supplies and were given an added boost by the EIA report, which revealed weekly decline in U.S. crude, gasoline and distillate supplies. Also Wednesday, OPEC and their allies decided to stick to their plan for gradual output increases. Oil gains continued, with analysts commenting that the extra crude from the agreement to release 60 million barrels from the emergency oil reserves of member countries of the International Energy Agency was being viewed as a mere drop in the bucket of what would be needed to deal with potential war-linked disruptions. April WTI finished the session up \$7.19, or 6.95%, to settle at \$110.60 a barrel, while May Brent settled at \$112.93 a barrel, up \$7.96, or 7.58%. April RBOB tacked on .2196 cents, to settle at \$3.3083 a gallon, while April heating oil settled at \$3.4947 a gallon, up .3436 cents.

**Technical Analysis:** As crude prices rallied, the options market is signaling more buying may be on the horizon. On May and June Brent futures, about 45,000 options came into the money at \$105 and \$100, respectively. Traders have paid the largest premiums for bullish call options in years and daily breakevens increased over \$3.50/barrel, also the highest level in years. Meanwhile, implied volatility increased on Wednesday to the highest level since spring 2020 for the May WTI crude contract. In the Brent market, open interest in the December \$125 calls stand at 48,751 contracts, while open interest in the December \$100 call stand at 44,118 contracts and open interest in the June \$100 calls stands at 34,634 contracts.

**Fundamental News:** As expected, OPEC+ agreed to continue with its existing plan to increase oil production by 400,000 bpd in April. This followed a Joint Ministerial Monitoring Committee meeting, in which the committee recommended that OPEC+ to stick to its plan to increase its output by 400,000 bpd. In a statement after Wednesday's meeting that announced the decision to roll over existing plans, the group made no mention of the Ukraine crisis, simply referring to "geopolitical developments" that were unsettling the market.

White House spokeswoman, Jen Psaki, said the United States is "very open" to imposing sanctions on Russia's oil and gas industry, adding that it is weighing the possible impact on global markets and U.S. energy prices. Later, President Joe Biden said nothing was off the table when asked about whether the U.S. would ban Russian oil and gas. The White House detailed new economic measures levied against Russia and its ally Belarus. Among the sanctions are new restrictions extending export control policies to Belarus and preventing diversion of tech and software to Russia through the country. In addition, the U.S. and allies are identifying 22 Russian "defense-related entities" including firms that provide technological and material support for Russia's military. They are also targeting "technology exports" in the oil refining sector, which they say could help the U.S. move towards its goal of "degrading Russia's status as a leading energy supplier over time."

Diplomats attempting to revive the Iranian nuclear agreement have been working on reaching a deal. European and U.S. officials blew past their goal to sign a deal in February and are now warning that only days remain to reach a deal after more than 10 months of negotiations in Vienna. The sticking points that remain in Vienna are few but significant. Negotiators worked overnight on Iran's demand that monitors from the IAEA end their investigation into its past atomic activities. Western diplomats rejected that bid, citing the IAEA's independence. In addition to the IAEA investigation, negotiators remain at odds over Iran's demand for a U.S. commitment that it will not abandon the nuclear agreement again.

**Early Market Call - as of 8:05 AM EDT**

WTI - Apr \$110.40, down 20 cents

RBOB - Apr \$3.3229, up 1.46 cents

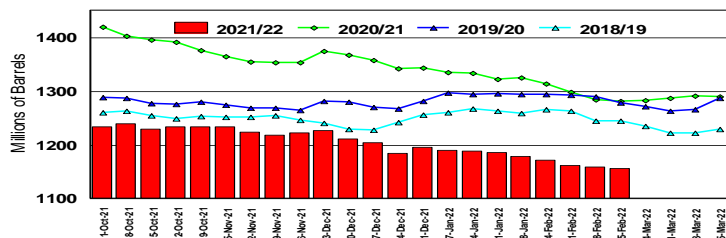
HO - Apr \$3.5083, up 1.36 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-22	3.4947	0.3436	0.7013
May-22	3.3238	0.2857	0.5794
Jun-22	3.1605	0.2239	0.4508
Jul-22	3.0307	0.1733	0.3493
Aug-22	2.9436	0.1441	0.2786
Sep-22	2.9081	0.1364	0.2431
Oct-22	2.8815	0.1322	0.2293
Nov-22	2.8529	0.1279	0.2113
Dec-22	2.8248	0.1232	0.1953
Jan-23	2.7974	0.1189	0.1806
Feb-23	2.7709	0.1159	0.1706
Mar-23	2.7421	0.1133	0.1610
Apr-23	2.7106	0.1121	0.1535
May-23	2.6832	0.1100	0.1450
Jun-23	2.6588	0.1053	0.1350
Jul-23	2.6458	0.1038	0.1288
Aug-23	2.6350	0.1016	0.1225

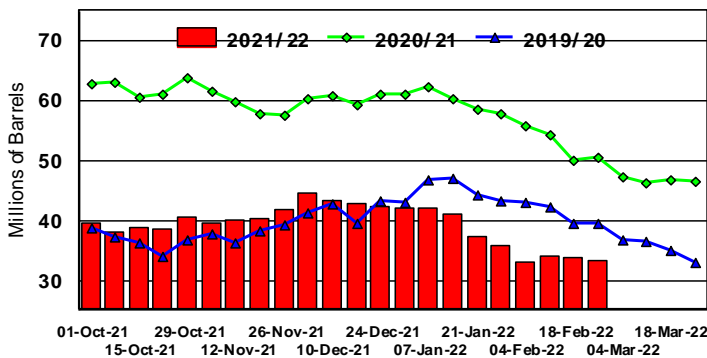
Sprague HeatCurve October 2022-April 2023		\$2.7935
	Close	Change
Crude - WTI	\$107.0600	\$6.8500
Crude - Brent	\$112.9300	\$7.9600
Natural Gas	\$4.7620	\$0.1890
Gasoline	\$3.3083	\$0.2196

### Total U.S. Oil Stocks Excluding SPR



## Weekly EIA Petroleum Status Report for the Week Ending February 25, 2022

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR) Down 2.597 million barrels**  
 Cushing, OK Crude Stocks Down 1.061 million barrels  
**Gasoline Stocks Down 468,000 barrels**  
**Distillate Stocks Down 574,000 barrels**  
**Refinery % Operated 87.7%, Up 0.3%**

### PADD #1

Distillate Stocks (in million bbls)	Week Ending Feb 25, 2022	Week Ending Feb 18, 2022	Week Ending Feb 26, 2021
New England	6.0	5.9	9.7
Central Atlantic	16.5	16.6	26.9
Total PADD #1	33.2	33.6	50.4
Distillate Imports (thousands b/d)	388	353	303