

Market Commentary

Recap: The oil market on Monday continued to retrace Friday's early losses. The market was supported by the news that Iraq was forced to halt about 450,000 bpd of crude exports from the Iraqi Kurdistan region on Saturday after a victory in an arbitration case confirmed Baghdad's consent was needed to ship the oil from Turkey. The market was also supported on new concerns over Russian supplies. Over the weekend, Russia said it would station tactical nuclear weapons in Belarus, refocusing the market on the threats to Russian supplies from geopolitical tensions. The crude market posted a low of \$69.13 in overnight trading before it bounced off that level and never looked back. The market retraced more than 50% of its move from a high of \$81.04 to a low of \$64.36 as it rallied to a high of \$73.10 ahead of the close. The May WTI contract settled up \$3.55 at \$72.81 and the May Brent contract settled up \$3.13 at \$78.12. The product markets ended the session sharply higher, with the heating oil market settling up 7.52 cents at \$2.7704 and the RB market settling up 9.57 cents at \$2.6156.

Technical Analysis: The crude oil market is seen retracing some of its gains on Tuesday and settling a sideways trading range following its sharp gains on Monday and ahead of the release of the weekly petroleum stock reports over the next couple of days. The market is seen finding resistance at its high of \$73.10 followed by \$74.67 and \$75.02. More distant resistance is seen at \$77.56 and \$78.17. Meanwhile, support is seen at \$71.05, \$70.15, its low of \$69.13, \$68.73, \$67.70 and \$66.82. More distant support is seen at \$64.36.

Fundamental News: Oil production in Iraq's semi-autonomous Kurdistan region is at risk after a halt in northern exports has forced firms operating there to divert crude to storage, where capacity is limited. Iraq was forced to halt around 450,000 bpd of crude exports from the KRI on Saturday through an export pipeline that runs from its northern Kirkuk oil fields to the Turkish port of Ceyhan. Turkey halted the pumping of Iraqi crude from the pipeline after Iraq won an arbitration case in which it said Turkey had violated a joint agreement by allowing the Kurdistan Regional Government to export oil to Ceyhan without Baghdad's consent.

According to an annual forecast by a research unit of China National Petroleum Corp, China's crude oil imports in 2023 are expected to increase by 6.2% on the year to 540 million tons or 10.8 million bpd. China's crude oil throughput is seen increasing by 7.8% to 733 million tons or 14.66 million bpd. Its refining utilization rate is seen at 79.4% in 2023, up from 73.6% last year. The CNPC think tank predicted that China's gasoline output will increase by 7.6% this year to 156.4 million tons, its diesel output will increase by 6.1% to 202.9 million tons and its jet fuel output will increase by 18.4% to 34.9 million tons. Meanwhile, China's crude oil consumption is seen increasing 4.5% in 2023 to 743 million tons. China's refined fuel consumption is estimated to increase by 9.1% in 2023 to 398 million tons.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1,106,000 bpd of capacity in the week ending March 31st, increasing available refining capacity by 163,000 bpd. Offline capacity is expected to increase to 1,208,000 bpd in the week ending April 7th.

The industrial action against the French government's pension reforms stretched into its 20th day on Monday, as at least six out of seven refineries in France were shut or functioning at reduced capacity and liquefied natural gas terminals were blocked. According to data compiled by Bloomberg, about 900,000 bpd of crude processing capacity is being taken out of service or has already been halted. Production has been shut at TotalEnergies' 240,000 bpd Gonfreville refinery and Exxon Mobil subsidiary Esso's Port Jerome-Gravenchon refinery due to the strikes, while two others are operating at reduced capacity and two more are offline for repairs. The CGT union said the industrial action disrupting the 240,000 bpd Port Jerome refinery has been extended until March 29th.

Early Market Call - as of 8:40 AM EDT

WTI - May \$72.99, up 17 cents

RB0B - April \$2.6699, down 1.43 cents

HO - April \$2.7566, down 1.38 cents

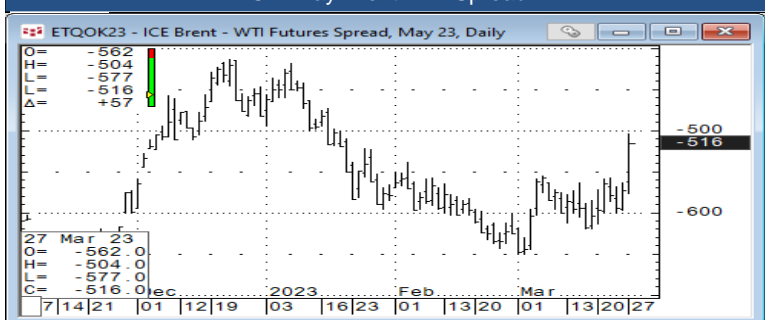
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-23	2.7704	0.0752	0.0833
May-23	2.6515	0.0785	0.0937
Jun-23	2.5715	0.0791	0.0827
Jul-23	2.5483	0.0807	0.0838
Aug-23	2.5415	0.0798	0.0810
Sep-23	2.5405	0.0787	0.0777
Oct-23	2.5394	0.0777	0.0748
Nov-23	2.5354	0.0767	0.0718
Dec-23	2.5286	0.0753	0.0696
Jan-24	2.5251	0.0742	0.0682
Feb-24	2.5191	0.0727	0.0668
Mar-24	2.5072	0.0710	0.0649
Apr-24	2.4883	0.0686	0.0619
May-24	2.4785	0.0674	0.0594
Jun-24	2.4708	0.0663	0.0573
Jul-24	2.4693	0.0664	0.0575
Aug-24	2.4674	0.0651	0.0573

Sprague HeatCurve October 2023-April 2024

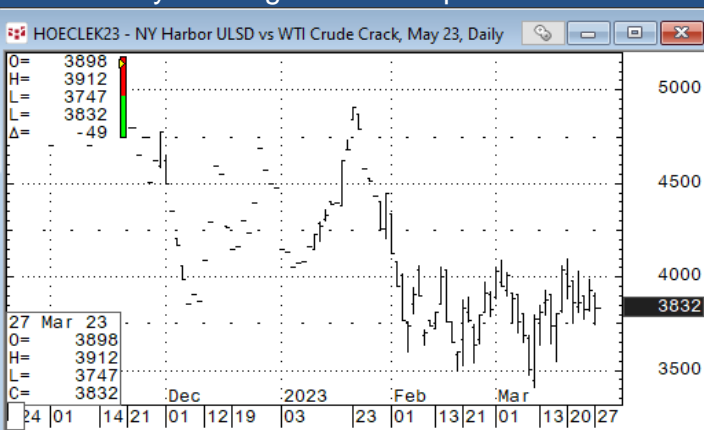
	Close	Change
Crude - WTI	\$72.8100	\$3.5500
Crude - Brent	\$78.1200	\$3.1300
Natural Gas	\$2.0880	-\$0.1280
Gasoline	\$2.6156	\$0.0957

ICE May Brent-WTI Spread

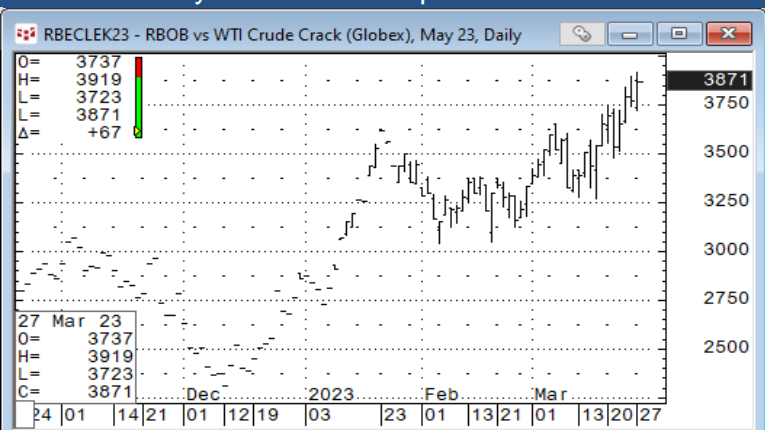


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May Heating Oil Crack Spread



May RBOB Crack Spread



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