

Market Commentary

Recap: Oil futures rose to their highest level in two weeks, fueled by an EU proposal to ban Russian oil imports over time, and a weekly EIA report showing U.S. fuel gasoline inventories falling by 2.2 million barrels last week. Gasoline stockpiles have been lower in the past five weeks, and 12 of the past 13 weeks. This is typically the time of year when gasoline inventories build as refiners prepare for the summer driving season. Unless refiners crank up the run rate soon, or there is significant demand destruction from prices above \$4.000, there will be trouble soon. WTI for June delivery gained \$5.40 per barrel, or 5.27% to \$107.81 today up five of the past seven sessions. July Brent added \$5.17 per barrel, or 4.93%, to settle at \$110.14. June RBOB gained 15.11 cents per gallon, or 4.32% to \$3.6523 today. Today's settlement value is the second highest this year. Heating oil for June delivery gained 11.43 cents per gallon, or 2.80% to \$4.1970.

Technical Analysis: WTI traded higher following a mixed government inventory report. Prices also gained support as the EU framed out its plans to phase out imports of Russian oil, which offset worries about demand in top oil importer China. The June contract has sustained strength above the 10-day moving average as it pulls away from the psychological resistance level of \$105. For now, we would look for a push toward \$110.

Fundamental News: The EIA reported that U.S. East Coast distillate stockpiles in the week ending April 29th fell to the lowest level on record. East Coast distillate stockpiles fell by 2.3 million barrels to about 22.4 million barrels. Total distillate stocks fell by 2.3 million barrels to 104.9 million barrels, lowest level since April 2008.

UBS expects Brent crude to trade around \$115/barrel over its forecast horizon compared with the current price of \$106/barrel. UBS analysts said the fall in Russian oil production and exports they expect is likely to support crude and oil product prices over the coming months.

OPEC+ is set to agree on another small increase in production targets for June. OPEC+ ministers are scheduled to meet on Thursday and are expected to agree to increase production targets by 432,000 bpd for June.

Envoys from European Union countries did not reach an agreement on Wednesday about a proposed embargo against Russian oil, but they were expected to move closer to a deal at a meeting on Thursday. Earlier on Wednesday, the European Union's Chief Executive, Ursula von der Leyen, proposed a phased oil embargo on Russia, as well as sanctions on its top bank and to ban Russian broadcasters from European airwaves, in its toughest measures yet to punish Moscow for its war in Ukraine. The European Commission has also proposed to ban all shipping, brokerage, insurance and financing services offered by EU companies for the transport of Russian oil worldwide in a month's time.

IIR Energy said U.S. oil refiners are expected to shut in about 1.03 million bpd of capacity in the week ending May 6th, increasing available refining capacity by 294,000 bpd.

The Federal Reserve raised its benchmark overnight interest rate by half a percentage point, the largest increase in 22 years, and said it would begin cutting its bond holdings next month as a further step in the battle to lower inflation. The Fed set its target federal funds rate to a range of 0.75% and 1% in a unanimous decision.

Early Market Call - as of 8:20 AM EDT

WTI - June \$109.11, up \$1.31
 RBOB - June \$3.6711, up 1.88 cents
 HO - June \$4.1331, down 6.39 cents

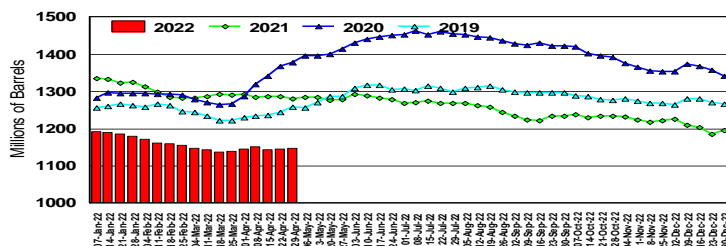
All NYMEX | Prior Settlements

| Month | USD\$ (HO) | | Change In One Week |
|--------|------------|--------------|--------------------|
| | Close | Prior Settle | |
| Jun-22 | 4.1970 | 0.1143 | 0.2579 |
| Jul-22 | 3.8822 | 0.1409 | 0.2417 |
| Aug-22 | 3.6994 | 0.1565 | 0.2327 |
| Sep-22 | 3.5992 | 0.1566 | 0.1325 |
| Oct-22 | 3.5150 | 0.1525 | 0.2004 |
| Nov-22 | 3.4316 | 0.1453 | 0.1831 |
| Dec-22 | 3.3511 | 0.1372 | 0.1653 |
| Jan-23 | 3.2876 | 0.1268 | 0.1442 |
| Feb-23 | 3.2245 | 0.1157 | 0.1209 |
| Mar-23 | 3.1581 | 0.1018 | 0.0993 |
| Apr-23 | 3.0921 | 0.0904 | 0.0805 |
| May-23 | 3.0383 | 0.0815 | 0.0677 |
| Jun-23 | 2.9976 | 0.0773 | 0.0627 |
| Jul-23 | 2.9681 | 0.0726 | 0.0587 |
| Aug-23 | 2.9451 | 0.0702 | 0.0555 |
| Sep-23 | 2.9261 | 0.0684 | 0.0517 |
| Oct-23 | 2.9081 | 0.0665 | 0.0493 |

| Sprague HeatCurve October 2022-April 2023 | | Close | Change |
|---|-------------------------------------|------------|----------|
| Crude - WTI | June Brent- WTI Spread \$3.92 | \$106.2200 | \$5.3200 |
| Crude - Brent | | \$110.1400 | \$5.1700 |
| Natural Gas | | \$8.4150 | \$0.4610 |
| Gasoline | | \$3.6523 | \$0.1511 |

Total U.S. Oil Stocks

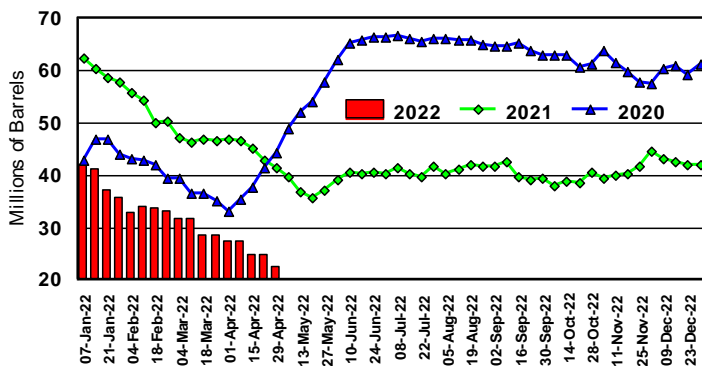
Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending April 29, 2022

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.3 million barrels
 Cushing, OK Crude Stocks Up 1.38 million barrels
Gasoline Stocks Down 2.2 million barrels
Distillate Stocks Down 2.3 million barrels
Refinery % Operated 88.4%, Down 1.9%

PADD #1

| Distillate Stocks (in million bbls) | Week Ending Apr 29, 2022 | Week Ending Apr 22, 2022 | Week Ending Apr 30, 2021 |
|-------------------------------------|--------------------------|--------------------------|--------------------------|
| New England | 3.4 | 3.9 | 8.2 |
| Central Atlantic | 9.1 | 10.7 | 20.9 |
| Total PADD #1 | 22.4 | 24.7 | 41.5 |
| Distillate Imports (thousands b/d) | 58 | 93 | 147 |