

Market Commentary

Recap: Oil futures climbed by almost 5% on Wednesday, as the International Energy Agency raised its forecast for global oil demand and as U.S. government data revealed a third-weekly drop in U.S. crude oil inventories. Oil prices also got a boost from the latest demand updates, which pointed to an uptick in demand as the global economy recovers from the pandemic. WTI for May delivery rose \$2.97, or 4.9%, to settle at \$63.15 a barrel, while June Brent added \$2.91, or 4.6%, to close at \$66.58 a barrel. Both WTI and Brent tallied their highest front-month close since March 17. Petroleum products also gained, with May RBOB tacking on 3%, to settle at \$2.04 a gallon, while May heating oil added 4.2%, to settle at \$1.89 a gallon.

Technical Analysis: It appears that the underlying fundamentals and technical indicators for oil prices are falling in line with one another. U.S. crude oil stockpiles fell more than analysts expected, while refinery utilization rates rose by 1 percentage point to 85% of overall capacity. That is the highest level since March of last year, just before the pandemic severely sliced demand. Weakness in the dollar will continue to add support, as it increases foreign demand. WTI has broken out of the sideways trading pattern it had been stuck in since the middle of March. Previously, we had mentioned divergence in the RSI, which had been trending lower, as the market continued to rise. WTI eventually caught up with this moving oscillator, falling to a March low of \$57.25. Since then, the RSI has broken above the downward trend line it had been butting up against, while at the same time the slow stochastics have crossed to the upside. With Wednesday's move pushing WTI above the 50-day moving average and out of the sideways pattern, we would look for prices to continue higher, with \$67.29, the projected upside target. Prior to this level, additional resistance is set at \$65 and \$66.40. Support is set at \$62.27 and below that at \$61.09.

Fundamental News: The International Energy Agency said vaccine rollouts are brightening the outlook for global oil demand, though rising cases in some major oil-consuming countries show a recovery may be fragile. It said "the massive overhang in global oil inventories that built up during last year's COVID-19 demand shock is being worked off, vaccine campaigns are gathering pace and the global economy appears to be on a better footing." Citing rising cases in Europe, Brazil and the United States, the Paris-based watchdog said it remained concerned about new waves of the virus derailing progress. Still, the IEA predicted global oil demand and supply were set to re-balance in the second half of the year and that producers may then need to produce 2 million bpd more to meet the expected demand. It reported that global oil demand will increase by 230,000 bpd faster than previously forecast, reaching 5.7 million bpd in 2021 to 96.7 million bpd. It increased its forecast for oil demand in the U.S. for the second half of 2021 by about 365,000 bpd. The IEA added OPEC and allies like Russia, a grouping known as OPEC+, would likely prove capable of tailoring its output to demand whether the virus is tamed or not. IIR Energy said U.S. oil refiners are expected to shut in 1.8 million bpd of capacity offline in the week ending April 16th, increasing available refining capacity by 253,000 bpd from the previous week.

The U.S. Energy Information Administration said U.S. crude oil stockpiles on the East Coast fell last week to 8.14 million barrels, their lowest level on record. In week ending April 9th, refinery utilization increased 1% to 85%, the highest since March 2020, as refineries returned from seasonal maintenance and ramped up after a freeze in Texas shuttered certain units. Meanwhile, U.S. gasoline supplied in the latest week increased to 8.9 million bpd, the highest since August 2020.

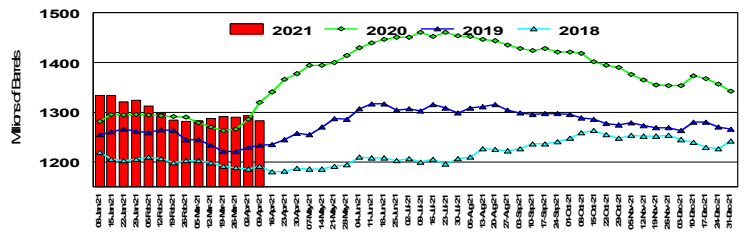
Early Market Call - as of 8:50 AM EDT
WTI - May \$62.82 down 33 cents
RBOB - May \$2.0287 down 68 points
HO - May \$1.8875 down 25 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-21	1.8900	0.0755	-0.0821
Jun-21	1.8920	0.0749	-0.0827
Jul-21	1.8944	0.0741	-0.0830
Aug-21	1.8976	0.0734	-0.0836
Sep-21	1.9020	0.0729	-0.0839
Oct-21	1.9056	0.0723	-0.0835
Nov-21	1.9083	0.0717	-0.0827
Dec-21	1.9089	0.0710	-0.0813
Jan-22	1.9103	0.0696	-0.0796
Feb-22	1.9088	0.0684	-0.0775
Mar-22	1.9029	0.0671	-0.0756
Apr-22	1.8921	0.0656	-0.0738
May-22	1.8862	0.0642	-0.0721
Jun-22	1.8822	0.0624	-0.0703
Jul-22	1.8842	0.0612	-0.0688
Aug-22	1.8861	0.0603	-0.0675
Sep-22	1.8887	0.0596	-0.0665

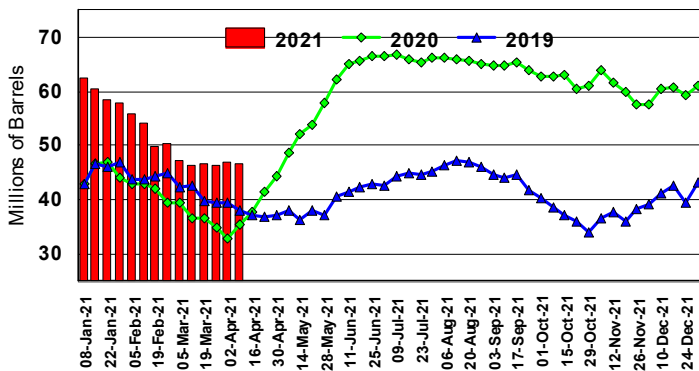
Sprague HeatCurve October 2021-April 2022		Close	Change
Crude - WTI	May Brent- WTI Spread \$3.36	\$63.2200	\$2.9800
Crude - Brent		\$66.5800	\$2.9100
Natural Gas		\$2.6180	-\$0.0010
Gasoline		\$2.0355	\$0.0598

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending April 9, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 5.89 million barrels
Cushing, OK Crude Stocks Up 346,000 barrels
Gasoline Stocks Up 309,000 barrels
Distillate Stocks Down 2.083million barrels
Refinery % Operated 85%, Up 1%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Apr 9, 2021	Week Ending Apr 2, 2021	Week Ending Apr 10, 2020
New England	9.5	9.2	6.5
Central Atlantic	23.4	23.9	16.9
Total PADD #1	46.7	47.0	37.7
Distillate Imports (thousands b/d)	226	280	272