

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** The oil market, which was set to post an inside trading day as it remained within Tuesday's trading range for most of the session, sold off sharply late in the afternoon, after the market had settled in positive territory. The market traded down to \$91.63 in overnight trading before it bounced off that level and continued on its upward trend as traders weighed conflicting statements on the possible withdrawal of some Russian troops from Ukraine's borders. Russia announced a partial pullback of troops from Ukraine's borders, while NATO Secretary-General Jens Stoltenberg said the alliance had seen no de-escalation and that Russia was continuing its military build-up. He added that NATO could prove Russia's failure to withdraw troops with satellite images. The market was also supported by the EIA weekly petroleum stock report, which showed U.S. fuel demand remaining at record highs, while crude inventories at Cushing, Oklahoma falling by 1.9 million barrels to 25.8 million barrels, the lowest level since September 2018. The report showed the product supplied reached a record 22.1 million bpd over the past four weeks. The crude market rallied to a high of \$95.01 following the reports but later retraced most of its early move higher, still remaining within its previous trading range. The March WTI settled up \$1.59 or 1.73% at \$93.66, while the April Brent contract settled up \$1.53 or 1.64% at \$94.81. However, late in the day, the crude market sold off to a new low after the close of \$90.00 amid the comments made by Iran's top nuclear negotiator that they are closer to a nuclear agreement, while the U.S. State Department spokesperson, Ned Price, said the U.S. is in the final stages of nuclear talks. The product markets ended the session mixed, with the heating oil market settling down 20 points at \$2.8575 and the RB market settling up 80 points at \$2.6771.

**Technical Analysis:** The crude market, which sold off late in the session, will likely see some retracement as it is still seen remaining supported amid the uncertainty over the Russia - Ukraine crisis. The market is seen finding resistance at its highs of \$95.01, \$95.17, \$95.82, followed by more distant resistance at \$98.72, basis an upward trendline. However, support is seen at \$89.19, \$89.03, \$88.85, its 50% retracement level off a low of \$81.90 to a high of \$95.82, \$88.41, \$87.20, its 62% retracement level, and \$86.75.

**Fundamental News:** The International Energy Agency's head, Fatih Birol, said OPEC and their allies, known as OPEC+, needed to narrow the gap between their oil production targets and actual output. He said "There is a significant difference between the targets that OPEC+ countries set in terms of their production levels, and what is produced today." He added "It will be important for OPEC+ to narrow this gap and hopefully provide more volumes to the market."

OPEC President, Bruno Jean-Richard Itoua, said there is no "immediate solution" to high oil prices. He said the oil-producing countries' capacity to increase crude supply is curtailed by a lack of investment in the industry. He said oil nations outside of OPEC should step in. The OPEC president also admitted that oil prices could ultimately curb oil demand.

Talks to restore Iran's nuclear deal with world powers is grinding to a standstill, with neither side yet willing to take tough political decisions needed for a breakthrough. Parties to the accord had signaled a growing optimism that an agreement could be reached. Yet, their major differences remain on what is required to roll back Iranian nuclear advances in return for sanctions relief.

France's Foreign Minister, Jean-Yves Le Drian, said that a decision on reviving the nuclear deal was just days away but that it was now up to Iran to make the political choice. He said negotiations have "days" left to reach an agreement or "crisis" looms.

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

WTI - Mar \$92.74, down 92 cents

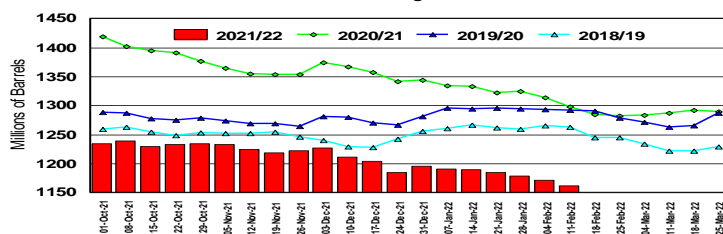
RBOB - Mar \$2.6449, down 3.22 cents

HO - Mar \$2.8133, down 4.42 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-22	2.8575	-0.0020	0.0326
Apr-22	2.7901	0.0258	0.0637
May-22	2.7229	0.0320	0.0570
Jun-22	2.6735	0.0326	0.0471
Jul-22	2.6410	0.0303	0.0384
Aug-22	2.6222	0.0296	0.0335
Sep-22	2.6151	0.0296	0.0264
Oct-22	2.6063	0.0292	0.0291
Nov-22	2.5937	0.0286	0.0258
Dec-22	2.5792	0.0281	0.0236
Jan-23	2.5650	0.0277	0.0216
Feb-23	2.5472	0.0277	0.0202
Mar-23	2.5261	0.0275	0.0190
Apr-23	2.5013	0.0277	0.0187
May-23	2.4823	0.0282	0.0187
Jun-23	2.4676	0.0285	0.0183
Jul-23	2.4591	0.0273	0.0179

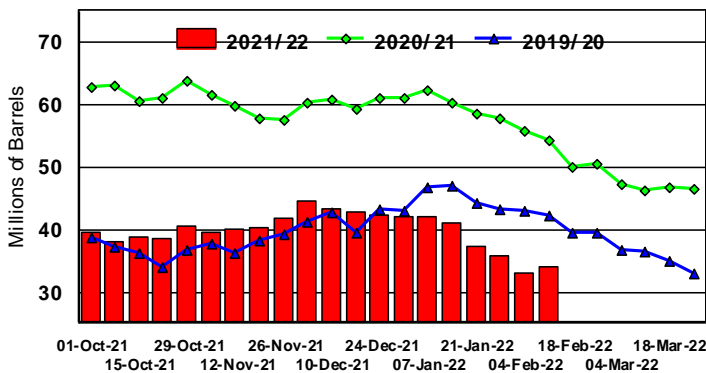
Sprague HeatCurve October 2022-April 2023		\$2.5588	
		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$2.98	\$91.8300	\$1.6200
Crude - Brent		\$94.8100	\$1.5300
Natural Gas		\$4.7170	\$0.4110
Gasoline		\$2.6771	\$0.0080

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



## Weekly EIA Petroleum Status Report for the Week Ending February 11, 2022

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 1.121 million barrels

Cushing, OK Crude Stocks Down 1.9 million barrels

**Gasoline Stocks** Down 1.332 million barrels

**Distillate Stocks** Down 1.552 million barrels

**Refinery % Operated** 85.3%, Down 2.9%

### PADD #1

Distillate Stocks (in million bbls)	Week Ending Feb 11, 2022	Week Ending Feb 4, 2022	Week Ending Feb 12, 2021
New England	5.5	5.0	10.8
Central Atlantic	17.1	16.6	29.7
Total PADD #1	33.9	32.8	54.3
Distillate Imports (thousands b/d)	425	405	297