

Market Commentary

Recap: The oil market on Tuesday traded higher, erasing Monday's losses as expectations of demand recovery in China underpinned its gains. The market traded higher as it awaits key economic data over the next two days, with expectations that China's factory activity increased in February. Meanwhile, Refinitiv Eikon reported that Urals crude exports to China from Russia's western ports increased in February from the previous month due to lower freight rates and increased demand. The oil market posted a low of \$75.55 in overnight trading before it retraced its previous losses and breached its downward trendline at \$76.66. The market extended its gains to over 2 cents as rallied to a high of \$77.83 early in the session. The market retraced more than 50% of its move from a low of \$73.80 to a high of \$80.62. The market later erased some of its gains and settled in a sideways trading range from \$76.85 to \$77.70 during the remainder of the session. The April WTI contract settled up \$1.37 at \$77.05 and the April Brent contract settled up \$1.44 at \$83.89. The product markets settled higher, with the heating oil market settling up 11 points at \$2.8209 and the RB market settling up 6.6 cents at \$2.4343.

Market Analysis: The oil market is seen retracing some of its gains ahead of the release of the weekly petroleum stock reports, which are expected to show a small build in crude stocks. The market is seen finding support at \$76.30, basis a trendline, followed by its lows of \$75.55, \$74.99, \$74.09 and \$73.83-\$73.80. Meanwhile, resistance is seen at its high of \$77.83, \$78.01, its 62% retracement level, and \$78.25. More distant resistance is seen at \$79.54, \$79.61 and \$80.62.

Fundamental News: The EIA reported that U.S. crude oil production in December fell by 276,000 bpd to 12.101 million bpd from a revised level of 12.377 million bpd in November. It revised the November production level by 2,000 bpd. It reported that U.S. crude oil exports in December fell to 3.853 million bpd from 4.042 million bpd in November. Total refined oil product exports increased to 3.366 million bpd in December, up from 3.088 million bpd in November. U.S. distillate fuel exports increased to 1.421 million bpd in December, up from 1.172 million bpd in November and gasoline exports in December fell to 962,000 bpd from 984,000 bpd in November. The EIA also reported that U.S. total oil demand in December fell by 5.6% or 1.166 million bpd on the year to 19.491 million bpd. U.S. distillate demand in December fell by 5.9% or 233,000 bpd on the year to 3.717 million bpd and U.S. gasoline demand fell by 3.5% or 307,000 bpd on the year to 8.572 million bpd.

According to a Reuters survey, OPEC's oil output increased in February led by a further recovery in Nigerian supply, despite strong adherence by top producers to an agreement by the wider OPEC+ alliance to cut production. OPEC produced 28.97 million bpd in February, up 150,000 bpd on the month. Output is still down more than 700,000 bpd from September. With the rebound in Nigerian output in February, compliance with the agreement increased to 169% of pledged cuts, against 172% in January. The 10 OPEC members required to cut production pumped about 880,000 bpd below the group's target. The shortfall in January was about 920,000 bpd.

According to a Reuters survey, the oil market will tip into a deficit, lifting prices above \$90/barrel towards the second half of 2023, as Russia cuts its supply and China increases its consumption. Economists and analysts forecast Brent crude would average \$89.23/barrel this year, falling from a previous estimate of \$90.49, but still above current levels of around \$83. West Texas Intermediate is projected to average \$83.94/barrel in 2023, below the previous month's \$85.40/barrel forecast.

Early Market Call - as of 8:20 AM EDT

WTI - April \$76.55, down 50 cents
 RBOB - April \$2.6518, up 98 points
 HO - April \$2.8205, up 1.49 cents

All NYMEX | Prior Settlements

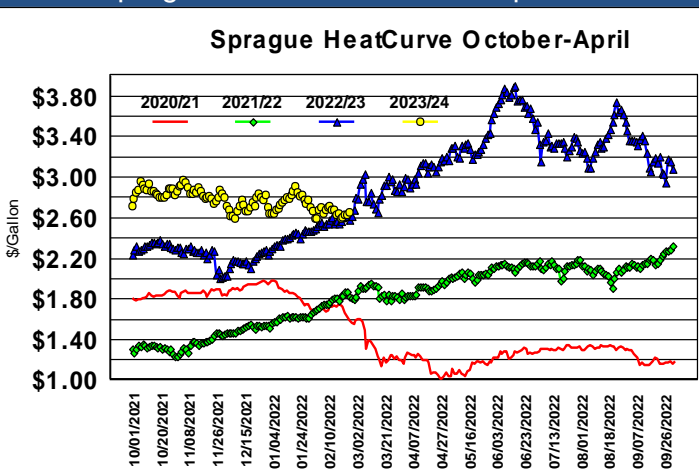
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-23	\$2.8209	\$0.0011	\$0.0290
Apr-23	\$2.8056	\$0.0053	\$0.0320
May-23	\$2.7542	\$0.0133	\$0.0198
Jun-23	\$2.7126	\$0.0177	\$0.0117
Jul-23	\$2.6926	\$0.0207	\$0.0107
Aug-23	\$2.6822	\$0.0222	\$0.0107
Sep-23	\$2.6791	\$0.0220	\$0.0099
Oct-23	\$2.6750	\$0.0215	\$0.0092
Nov-23	\$2.6683	\$0.0208	\$0.0081
Dec-23	\$2.6581	\$0.0194	\$0.0072
Jan-24	\$2.6503	\$0.0184	\$0.0072
Feb-24	\$2.6395	\$0.0170	\$0.0084
Mar-24	\$2.6217	\$0.0147	\$0.0103
Apr-24	\$2.5959	\$0.0125	\$0.0126
May-24	\$2.5812	\$0.0107	\$0.0145
Jun-24	\$2.5680	\$0.0089	\$0.0137
Jul-24	\$2.5573	\$0.0067	\$0.0114

Sprague HeatCurve October 2023-April 2024			\$2.6443
		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$6.84	\$77.0500	\$1.3700
Crude - Brent		\$83.8900	\$1.4400
Natural Gas		\$2.7470	\$0.0160
Gasoline		\$2.4343	\$0.0660

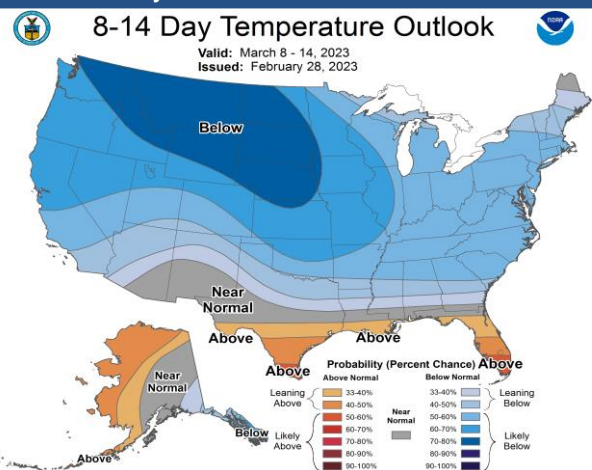
API Report for the Week Ending February 24, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 6.2 million barrels	Up 400,000 barrels
Gasoline Stocks	Down 1.8 million barrels	Up 700,000 barrels
Distillate Stocks	Down 340,000 barrels	Down 500,000 barrels
Refinery Runs		Down 0.1% at 85.8%

Sprague HeatCurve October-April



8-14 Day Weather Forecast



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