

Market Commentary

Recap: Oil futures fell on Friday pressured by the prospect of weaker global growth, higher interest rates and COVID lockdowns in China hurting demand even as the European Union considers a ban on Russian oil that would further tighten supply. The International Monetary Fund, which cut its global economic growth forecast, could further downgrade it if Western countries expand their sanctions against Russia over its war against Ukraine, and energy prices rise further, the IMF's No. 2 official said. Underpinning oil prices was tightness in supply after disruptions in Libya, which is losing 500,000 barrel per day of output, and supply could be squeezed further if the European Union imposes an embargo on Russian oil. June WTI lost \$1.72 per barrel, or 1.66%, to end the week at \$102.07, down \$4.3 per barrel, or \$4.05% on the week. June Brent lost \$1.68, or 1.55%, to settle at \$106.65 per barrel, down \$5.05, or 4.52%. May RBOB fell 3.36 cents, or 1.01%, to \$3.3050 per gallon, for a weekly loss of 7.64 cents, or 2.26%. Heating oil for May delivery sopped up 3.78 cents, or 0.97%, to end the week at \$3.9386 a gallon, up 8.38 cents per gallon on the week, or 2.17%.

Technical Analysis: Once again, WTI bounced off of its 50-day moving average, only to find a gravitation pull at the 10-day moving average, which is currently set at \$103.18. This market is within striking range of the 50-day moving average, which is currently trending at \$100.57. We are making this our initial downside target, with breaks below opening up for a run at \$95. A pass back into the downward channel will result in a shift to the downside, with this market potentially reaching the \$85 level.

Fundamental News: Baker Hughes reported that the number of U.S. oil drilling rigs increased by 1 to 549 in the week ending April 22nd.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.08 million bpd of capacity offline in the week ending April 22nd, increasing available refining capacity by 47,000 bpd. Offline capacity is expected to fall to 981,000 bpd in the week ending April 29th and decline further to 829,000 bpd in the week ending May 6th.

Morgan Stanley sees a greater deficit ahead and raised its Brent crude oil price forecast to \$130/barrel by the third quarter of 2022, up from a previous forecast of \$120/barrel. It said oil demand will likely recover more slowly than previously expected. It said the slower demand increase is more than offset by a weaker supply outlook, driven by Russia and Iran. It lowered oil demand growth forecasts from 3.4 million bpd to 2.7 million bpd for 2022. It sees a deficit of about 1 million bpd persisting throughout the year. It said it also raised its estimates for the fourth quarter and 2023 modestly.

The Deputy White House National Security Adviser, Daleep Singh, said he is confident Europe is determined to close off or further restrict remaining Russian oil and gas exports as Moscow's war in Ukraine drags on.

Gasoline exports from Europe to North America are expected to reach 700,000 tons in April, the highest level since December 2021.

Colonial Pipeline Co is allocating space for Cycle 25 shipments on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina.

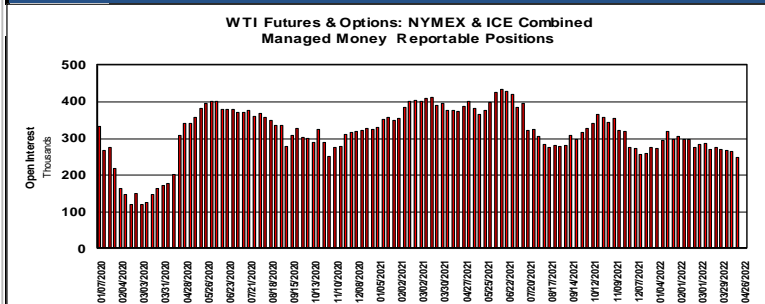
Early Market Call - as of 9:51 AM EDT

WTI - June \$97.28 Down \$4.79
 RBOB - May \$3.1553 Down 0.1307
 HO - May \$3.5314 Down 0.1044

All NYMEX | Prior Settlements

| Month | USD (HO) | | Change In One Week |
|--------|----------|---------------------|--------------------|
| | Close | Prior Settle Change | |
| May-22 | 3.9386 | 0.0378 | 0.0838 |
| Jun-22 | 3.6358 | 0.0091 | -0.0084 |
| Jul-22 | 3.4659 | -0.0134 | -0.0365 |
| Aug-22 | 3.3600 | -0.0201 | -0.0358 |
| Sep-22 | 3.3001 | -0.0211 | -0.0957 |
| Oct-22 | 3.2438 | -0.0236 | -0.0270 |
| Nov-22 | 3.1865 | -0.0275 | -0.0316 |
| Dec-22 | 3.1322 | -0.0329 | -0.0398 |
| Jan-23 | 3.0949 | -0.0358 | -0.0435 |
| Feb-23 | 3.0626 | -0.0360 | -0.0435 |
| Mar-23 | 3.0245 | -0.0360 | -0.0430 |
| Apr-23 | 2.9804 | -0.0357 | -0.0437 |
| May-23 | 2.9430 | -0.0369 | -0.0420 |
| Jun-23 | 2.9106 | -0.0366 | -0.0392 |
| Jul-23 | 2.8850 | -0.0380 | -0.0396 |
| Aug-23 | 2.8636 | -0.0384 | -0.0385 |
| Sep-23 | 2.8474 | -0.0386 | -0.0367 |

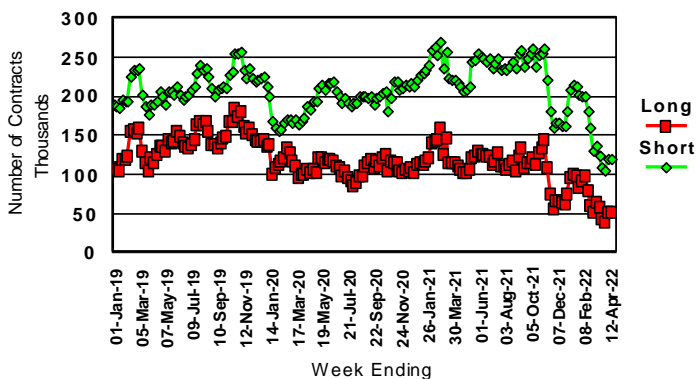
| Sprague HeatCurve October 2022-April 2023 | | Close | Change |
|---|------------------------------|------------|-----------|
| Crude - WTI | June Brent-WTI Spread \$4.58 | \$102.0700 | -\$1.7200 |
| Crude - Brent | | \$106.6500 | -\$1.6800 |
| Natural Gas | | \$6.5340 | -\$0.4230 |
| Gasoline | | \$3.3050 | -\$0.0336 |



Commitment of Traders Report for the Week Ending April 19, 2022

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

