

Market Commentary

Recap: The oil market broke out of its recent trading range on Wednesday as it breached its previous highs. Overnight, the market breached its resistance at \$81.81 as it traded to \$81.85 and settled in a sideways trading pattern ahead of the release of the latest U.S. consumer inflation data. However, the market rallied sharply higher extending its gains to over \$1.40 as it traded to \$82.96 after the economic data showed that inflation increased moderately in March, increasing hopes that the Federal Reserve is getting closer to ending its cycle of interest rate hikes. The CPI increased 0.1% in March after advancing 0.4% in February. In the 12 months through March, the CPI increased 5%, the smallest year on year increase since May 2021. The oil market also remained near its highs following the release of the EIA petroleum stock report as it shrugged off a small unexpected build in crude stocks. The build in stocks was mostly attributed to a congressionally mandated release from the SPR and lower exports. The market continued to trend higher, trading over the \$83.00 level to a high of \$83.53 ahead of the close. The May WTI contract settled up \$1.73 at \$83.26 and the June Brent contract settled up \$1.72 at \$87.33. The product markets ended the session higher, with the heating oil market settling up 3.49 cents at \$2.7031 and the RB market settling up 75 points at \$2.8727.

Technical Analysis: The oil market will likely retrace some of its sharp gains on Thursday before it continues on its upward trend after breaching its recent highs. The market is seen finding resistance at its high of \$83.53, \$85.45, \$87.51, followed by \$88.68, \$89.84 and \$90.10. Meanwhile, support is seen at \$82.50, \$81.90, its low of \$81.28 followed by \$79.37 and its gap from \$79.00 to \$75.72.

Fundamental News: U.S. Energy Secretary, Jennifer Granholm, said the Biden administration plans to refill the U.S. SPR soon, and hopes to refill it at lower oil prices if it's advantageous to taxpayers during the rest of the year. The White House had previously stated that the administration intended to repurchase crude oil for the SPR when prices were at or below about \$67-\$72/barrel, after last year's 180 million barrel sale drove the level of the stockpile to its lowest since 1983.

The EIA reported that U.S. crude oil inventories increased unexpectedly in the week ending April 7th, helped by a release of oil from the SPR and weaker levels of exports. U.S. crude oil inventories in the SPR fell by 1.6 million barrels to 369.6 million barrels, the lowest level since November 1983. It was the first draw in SPR stocks as part of a congressionally mandated sale of 26 million barrels. U.S. exports of crude oil saw the steepest weekly decline on record last week. Crude oil exports fell by 2.5 million barrels in the week ending April 7th to 2.7 million barrels. It also reported that the four week average product supplies of finished motor gasoline increased last week to the highest level since December 2021.

Fatih Birol, Executive Director of the International Energy Agency, said the global oil market could see tightness in the second half of 2023, which would push oil prices higher. He added that global fossil fuel consumption could peak before the late-2020's.

IIR Energy said U.S. oil refiners are expected to shut in 1.03 million bpd of capacity in the week ending April 14th, increasing available refining capacity by 269,000 bpd. Offline capacity is expected to fall to 890,000 bpd in the week ending April 21st.

According to the minutes of the Federal Open Market Committee's March 21-22 meeting, several Federal Reserve officials considered pausing interest rate increases until it was clear the failure of two regional banks would not cause wider financial stress, but even they ultimately concluded high inflation remained the priority.

Early Market Call - as of 8:35 AM EDT

WTI - May \$82.94, down 30 cents

RBOB - May \$2.8378, down 3.50 cents

HO - May \$2.6962, down 69 points

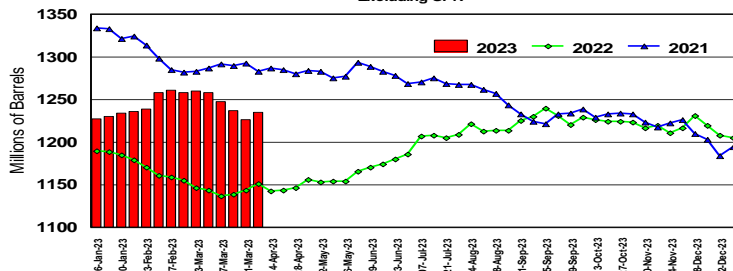
All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
May-23	2.7031	0.0349	-0.0279
Jun-23	2.6600	0.0370	-0.0117
Jul-23	2.6449	0.0344	-0.0128
Aug-23	2.6420	0.0322	-0.0121
Sep-23	2.6419	0.0306	-0.0109
Oct-23	2.6407	0.0297	-0.0091
Nov-23	2.6351	0.0292	-0.0056
Dec-23	2.6268	0.0288	-0.0016
Jan-24	2.6193	0.0273	0.0009
Feb-24	2.6066	0.0243	0.0011
Mar-24	2.5867	0.0218	0.0013
Apr-24	2.5585	0.0194	0.0002
May-24	2.5409	0.0182	-0.0008
Jun-24	2.5263	0.0185	0.0008
Jul-24	2.5178	0.0163	-0.0009
Aug-24	2.5099	0.0150	-0.0028
Sep-24	2.5027	0.0153	-0.0037

Sprague HeatCurve October 2023-April 2024

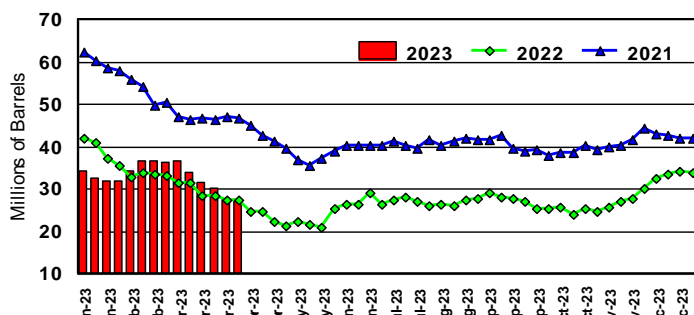
	Close	Change
Crude - WTI	\$83.0900	\$1.6000
Crude - Brent	\$87.3300	\$1.7200
Natural Gas	\$2.0930	-\$0.0930
Gasoline	\$2.8727	\$0.0075

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending April 7, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 597,000 barrels

Cushing, OK Crude Stocks Down 409,000 barrels

Gasoline Stocks Down 330,000 barrels

Distillate Stocks Down 606,000 barrels

Refinery % Operated 89.3%, down 0.3%

PADD #1

	Week Ending (in million bbl) Apr 7, 2023	Week Ending Mar 31, 2023	Week Ending Apr 8, 2022
Distillate Stocks	3.9	4.2	4.5
Central Atlantic	12.4	12.5	11.1
Total PADD #1	27.5	27.3	27.4
Distillate Imports (thousands b/d)	217	100	75