

Market Commentary

Recap:

Oil futures fell again on Monday, as China ramped up its COVID related lockdowns and as the U.S. Federal Reserve's aggressive rate hike stance fueled recession fears, which weighed on demand woes. China's COVID-19 woes continued to worsen with 51 new deaths reported on April 24, the highest one-day toll to-date, up from 39 the day before, according to media reports. The worsening infection rate has led to tightening enforcement and subsequently a hard lockdown in Shanghai. China's strong stance on COVID restrictions hint at shrinking demand for oil, meanwhile, the U.S. Federal Reserve is expected to further tighten its monetary policy, with a 50 basis point interest rate hike expected, raising the possibility of an economic recession. Tighter credit spurred consumers and companies to further rein in spending, which is weighing on demand sentiment. WTI for June delivery fell \$3.53, or 3.5%, to settle at \$98.54 a barrel, the lowest settlement for a front month contract since April 11. June Brent lost \$4.33, or 4.06%, to settle at \$102.32 a barrel. May RBOB lost 6.52 cents, or 1.97%, to settle at \$3.2398 per gallon, while May heating oil gained 15.23 cents per gallon, or 3.87% to \$4.099 a gallon.

Technical Analysis: WTI blew through the 50-day moving average, where it encountered quite a bit of support. From a technical standpoint, we believe there is still more downside potential for this market and therefore would look for another run at the \$95 level. Should we break below this level, WTI has the possibility of re-entering the downward channel that can be drawn off of the March 7th high and low. Such a move would open up this market for a test at the \$85 level.

Fundamental News: Data from the U.S. Department of Energy showed that crude oil stock in the U.S. SPR drew about 2.88 million barrels in the week ending April 22nd. SPR stocks fell to 553.1 million barrels, its lowest level since 2002.

The EU's top diplomat, Josep Borrell, said there is insufficient support from European Union member states for a complete embargo or punitive tariff on Russian oil and gas imports. Some EU countries are pushing for a sixth sanctions package on Russia and Brussels is preparing a full impact assessment of an oil ban as part of possible further measures. He said the topic will be discussed at the next EU summit due at the end of next month and that he did not expect any decision on the matter before then. He said all EU states are working to cut their dependency on Russian oil and gas, adding that he believed the bloc will be able to reduce its dependency eventually.

Traders said that diesel and jet fuel imports from the Middle East and Asia are set to increase in April as imports from Russia also continue to flow into the region. Meanwhile, gasoline exports from Europe to North America are set to reach about 700,000 tons in April, the highest since December 2021. Exports from Europe to West Africa are expected to reach about 627,000 tons so far in April, down from March's 2 million tons.

U.S. Energy Secretary, Jennifer Granholm, said that U.S. oil and gas production is increasing and will continue to increase to make up for the 1-1.5 million bpd that has been pulled off the market in the wake of Russia's invasion of Ukraine. She said "There is no doubt that we have to replace supply that was pulled off because of the Russian invasion of Ukraine."

IIR Energy reported that U.S. oil refiners are expected to shut in 981,000 bpd of capacity in the week ending April 29th, increasing available refining capacity by 96,000 bpd. Offline capacity is expected to fall to 829,000 bpd in the week ending May 6th.

Early Market Call - as of 9:51 AM EDT

WTI - June \$99.59 AUp \$1.05

RBOB - May \$3.2454 UP 0.0248

HO - May \$3.7113 Up 0.0572

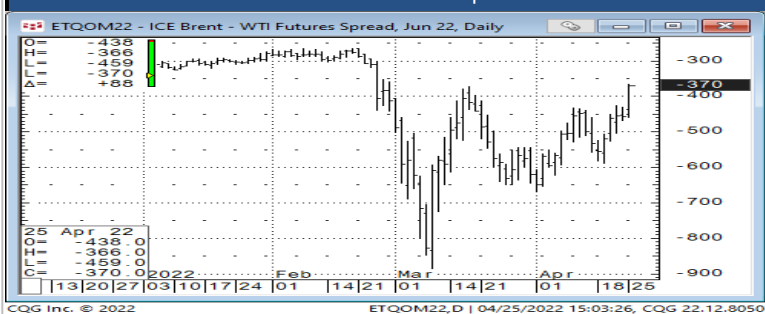
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-22	4.0909	0.1523	0.2001
Jun-22	3.6541	0.0183	0.0106
Jul-22	3.4348	-0.0311	-0.0655
Aug-22	3.3127	-0.0473	-0.0837
Sep-22	3.2486	-0.0515	-0.1478
Oct-22	3.1931	-0.0507	-0.0816
Nov-22	3.1378	-0.0487	-0.0847
Dec-22	3.0862	-0.0460	-0.0901
Jan-23	3.0525	-0.0424	-0.0893
Feb-23	3.0223	-0.0403	-0.0862
Mar-23	2.9867	-0.0378	-0.0832
Apr-23	2.9454	-0.0350	-0.0812
May-23	2.9095	-0.0335	-0.0774
Jun-23	2.8786	-0.0320	-0.0735
Jul-23	2.8555	-0.0295	-0.0709
Aug-23	2.8371	-0.0265	-0.0660
Sep-23	2.8234	-0.0240	-0.0612

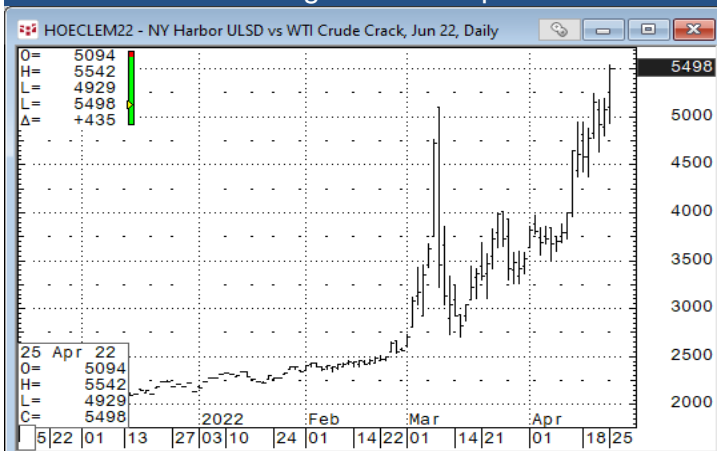
Sprague HeatCurve October 2022-April 2023

	Close	Change
Crude - WTI	\$98.5400	-\$3.5300
Crude - Brent	\$102.3200	-\$4.3300
Natural Gas	\$6.6690	\$0.1350
Gasoline	\$3.2398	-\$0.0652

ICE June Brent-WTI Spread



June Heating Oil Crack Spread



June RBOB Crack Spread

