

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** On Thursday, the crude market posted an inside trading day, as the talks to revive the nuclear deal with Iran entered the final stages pressured the market, while at the same time the market's losses were limited by the heightened tensions between Russia and the West over Ukraine. The market was locked in a struggle between the Iranian sanctions relief and the Russian-Ukrainian crisis. The market's losses were kept in check as President Joe Biden said there was now every indication Russia was planning to invade Ukraine, including signs Moscow was carrying out a false flag operation to justify it, after Russian-backed rebels and Ukrainian forces traded accusations that each had fired across the ceasefire line in eastern Ukraine. Also, the U.S. envoy to the United Nations said there was evidence on the ground that Russia was preparing for an "imminent invasion" of Ukraine. The market opened at \$90.90 and quickly posted a low of \$90.62. It rallied back to a high of \$93.96 early in the morning, amid the reports of Ukrainian forces and Russian-backed rebels accusing each other of firing across the ceasefire line in eastern Ukraine, before it once again erased its gains and traded in a sideways trading range. The March WTI contract settled down \$1.90 or 2.03% at \$91.76, while the April Brent contract settled down \$1.84 or 1.94% at \$92.97. The product markets ended in negative territory, with the heating oil market down 7.13 cents at \$2.7862 and the RB market down 2.85 cents at \$2.6486.

**Technical Analysis:** The market will remain driven by what the next headline is on the Iranian nuclear deal or on the Russian-Ukrainian crisis. While the news of a nuclear deal may initially push the market higher, the sanctions relief on Iran's oil industry may be one of the last phases implemented under the deal currently under discussion between the world powers. The market's losses will remain limited as the market positions itself ahead of any developments in Ukraine. The market is seen finding support at its low of \$90.62, \$90.00, \$89.19, \$89.03, followed by \$88.86, its 50% retracement level, \$88.41, \$87.22, its 62% retracement level and \$86.75. Resistance is seen at its highs of \$93.36, \$95.01, \$95.17, \$95.82 and further upside at \$99.91, basis a trendline.

**Fundamental News:** The Wall Street Journal reported that at an energy forum in Riyadh on Wednesday, Saudi Energy Minister, Prince Abdulaziz bin Salman, rejected calls to produce more oil and said renegotiating quotas among OPEC members risked stoking more volatility in oil markets.

The EIA reported that production of renewable diesel in the U.S. is forecasted to increase significantly in 2022 and 2023. U.S. renewable diesel production is expected to increase to an average of 72,000 bpd in 2022, up 21,000 bpd from 2021. The EIA also estimated that biodiesel production averaged 108,000 bpd in 2021 and will increase by 14% to 123,000 bpd in 2022 and by 4% to 128,000 bpd in 2023.

OPEC President, Bruno Jean-Richard Itoua, said that oil prices are nearing the \$100/barrel level and is likely to see further rises "soon".

Asian refiners, traditionally big buyers of Iranian oil, are keen to resume imports from Iran if there is an agreement to revive a 2015 nuclear deal. With the prospect of a new Iran deal, South Korea, said on Wednesday it had held working-level talks on resuming imports of Iranian crude oil and unfreezing Iranian funds. An Indian refining source said a refiner from India is in talks with Iran for sourcing its oil, adding that it was also waiting for more clarity on the nuclear deal. On Thursday, the Chairman of Japan's Eneos Holdings Inc, Tsutomu Sugimori, said the company will consider resuming oil imports from Iran if an agreement to revive a 2015 nuclear deal is reached, though the company has not begun such preparations yet.

**Early Market Call - as of 8:55 AM EDT**

WTI - Mar \$89.96, down \$1.80

RBOB - Mar \$2.6502, down 3.81 cents

HO - Mar \$2.7909, down 4.34 cents

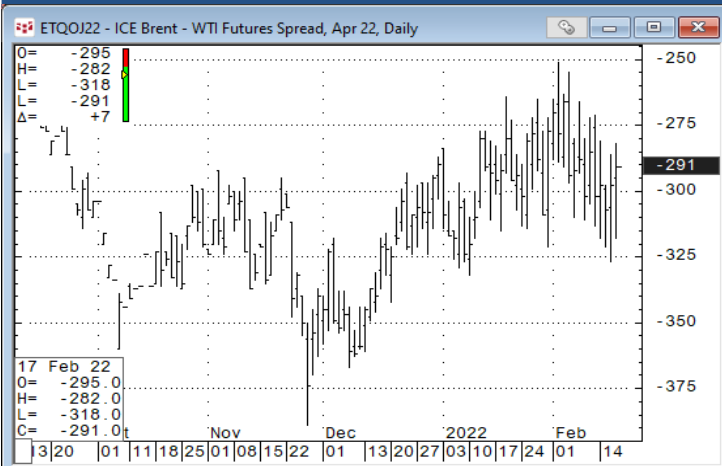
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-22	2.7862	-0.0713	-0.0410
Apr-22	2.7395	-0.0506	0.0119
May-22	2.6826	-0.0403	0.0178
Jun-22	2.6399	-0.0336	0.0143
Jul-22	2.6098	-0.0312	0.0076
Aug-22	2.5922	-0.0300	0.0035
Sep-22	2.5859	-0.0292	-0.0028
Oct-22	2.5789	-0.0274	0.0026
Nov-22	2.5680	-0.0257	0.0019
Dec-22	2.5547	-0.0245	0.0016
Jan-23	2.5412	-0.0238	0.0010
Feb-23	2.5243	-0.0229	0.0007
Mar-23	2.5044	-0.0217	0.0002
Apr-23	2.4806	-0.0207	0.0005
May-23	2.4623	-0.0200	0.0013
Jun-23	2.4491	-0.0185	0.0025
Jul-23	2.4407	-0.0184	0.0019

Sprague HeatCurve October 2022-April 2023		\$2.5352	
		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$2.93	\$90.0400	-\$1.7900
Crude - Brent		\$92.9700	-\$1.8400
Natural Gas		\$4.4860	-\$0.2310
Gasoline		\$2.6486	-\$0.0285

## EIA Working Gas Storage Report

	11-Feb-22	04-Feb-22	Change	11-Feb-2021
East	435	485	-50	491
Midwest	496	552	-56	600
Mountain	114	121	-7	139
Pacific	177	181	-4	246
South Central	689	763	-74	839
Salt	173	207	-34	237
Nonsalt	516	556	-40	602
Total	1,911	2,101	-190	2,315

## ICE April Brent-WTI Spread



## WTI Forward Curve

