

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures got clobbered on Thursday, falling for the fifth straight session, with both Brent and WTI losing more than 7% over the last five sessions. Most of Thursday's pressure came from a rise in the U.S. dollar and rising tensions between the U.S. and Russia, amid weight from the ubiquitous COVID-19 pandemic. With the U.S. threatening sanctions against Russia, traders fear that one way Russia will retaliate is to flood the market with oil, targeting U.S. shale producers. All this combined proved too much for bulls, who stepped up to unload some length. April WTI fell \$4.60, or 7.1% to settle at \$60 a barrel, the lowest front-month settlement since March 2. This is the largest one-day percentage loss since September 8. May Brent settled at \$63.28 a barrel, down \$4.72, or 6.94%. This marked the largest one-day percentage loss since June of 2020. Oil prices continued to fall in post settlement trading on growing concern over the number of rising COVI-19 cases in Europe, as the U.S. dollar continued to strengthen. April RBOB fell 5% to \$1.94 a gallon and April heating oil lost 6.4%, falling to \$1.78 a gallon.

Technical Analysis: Well, April WTI slipped through the key psychological level of \$60, shifting the momentum to the downside. The market has been so jittery, going up as fast as it did, but unable to sustain upside momentum, but not quite sure it can continue lower. For now, we would look for an attempt at the 50-day moving average, as this market has not been below this level since November, the start of the up-move. Below the 50-day moving average, there is support set at \$57.40. To the upside resistance is set at \$60 and above that at the 10-day moving average, which is currently set at \$64.54.

While the short-term fundamentals for oil prices are bearish, other underlying fundamentals are supportive. On the suppressive side, there is the stammered rollout of the COVID vaccine in Europe, a sharp rise in the U.S. dollar and increasing U.S. stockpiles. On the other side of the spectrum is Wednesday's meeting of the U.S. Federal Reserve, which provided a boost to equities, while U.S. growth has been revised upward, and U.S. claims for unemployment expected to decline. Although U.S. crude oil inventories have been rising, the fact that it is tied to the severe cold weather in Texas, which forced refinery shutdowns, is a temporary issue. And then of course, there is always OPEC and its allies making bids to prop up prices by controlling output.

Bearing all this in mind, and going forward, we expect to see some choppy trading. Keep an eye on the front to back end of the curve.

Fundamental News: The Joint Organizations Data Initiative reported that Saudi Arabia's crude oil exports in January increased to 6.582 million bpd from 6.495 million bpd in December. It was the seven consecutive month that shipments increased since a historic low of 4.98 million bpd in June when OPEC+ production cuts were in effect. It reported that Saudi Arabia's crude oil output in January increased by 123,000 bpd on the month to 9.103 million bpd.

Vitol's head of origination, Chris Bake, said the increase in oil shipments from Iran, despite the U.S. sanctions, is destabilizing energy markets. He said if those barrels continue to trade through unconventional channels, it is very destabilizing for the market because nobody understands what is coming.

French President Emmanuel Macron accused Iran of continuing to violate a 2015 nuclear deal with world powers and said Iran should act responsibly. He said France would continue to work to revive a credible process to end this crisis.

The EPA said the U.S. generated fewer renewable fuel blending credits in February than in January. About 902 million ethanol (D6) blending credits were generated in February, down from 1.1 billion in January. About 306 million biodiesel (D4) blending credits were generated in February, up from 300 million in the previous month.

Early Market Call - as of 8:15 AM EDT

WTI - Apr \$60.03, up 3 cents

RBOB - Apr \$1.9364, down 77 points

HO - Apr \$1.7877, up 35 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-21	1.7842	-0.1219	0.1752
May-21	1.7859	-0.1209	0.1721
Jun-21	1.7870	-0.1190	0.1684
Jul-21	1.7886	-0.1175	0.1647
Aug-21	1.7906	-0.1158	0.1609
Sep-21	1.7938	-0.1140	0.1569
Oct-21	1.7966	-0.1126	0.1532
Nov-21	1.7992	-0.1113	0.1498
Dec-21	1.8005	-0.1093	0.1458
Jan-22	1.8032	-0.1075	0.1419
Feb-22	1.8037	-0.1054	0.1379
Mar-22	1.7995	-0.1035	0.1340
Apr-22	1.7888	-0.1012	0.1295
May-22	1.7831	-0.0989	0.1257
Jun-22	1.7801	-0.0965	0.1215
Jul-22	1.7827	-0.0945	0.1176
Aug-22	1.7848	-0.0927	0.1142

Sprague HeatCurve October 2021-April 2022			\$1.8000
		Close	Change
Crude - WTI	May Brent- WTI Spread \$3.22	\$60.0600	-\$4.5700
Crude - Brent		\$63.2800	-\$4.7200
Natural Gas		\$2.4810	-\$0.0470
Gasoline		\$1.9441	-\$0.1030

EIA Working Gas Storage Report

	05-Mar-21	05-Mar-21	Change	12-Mar-2020
East	328	350	-22	414
Midwest	426	440	-14	514
Mountain	114	113	1	96
Pacific	199	205	-6	199
South Central	715	685	30	811
Salt	197	176	21	245
Nonsalt	519	509	10	566
Total	1,782	1,793	-11	2,035

Sprague HeatCurve October-April

WTI Continuation

