

Market Commentary

Recap: Oil prices climbed as much as 4% on Monday, with investors worried about tighter supply as mounting civilian deaths in Ukraine increased pressure on European countries to impose sanctions on Russia's energy sector. Oil futures also gained support from a pause in talks in Vienna to revive Iran's nuclear deal, which would allow a lifting of sanctions on Iranian oil. Oil prices rebounded after last week's big decline, with WTI recapturing the \$100 per barrel level. May WTI rose \$4.01, or 4.04%, to settle at \$103.28 a barrel. June Brent added \$3.14, or 3%, to settle at \$107.53 a barrel. May RBOB finished up 4.46 cents per gallon, or 1.41% to \$3.1981 per gallon, while May heating oil tacked on 12.21 cents, or 3.57% to settle at \$3.5461 a gallon.

Technical Analysis: May WTI bounced off of \$98.27, the 50% retracement provided by the March high of \$130.50 and the December low of \$66.04, then climbed back above the 50-day moving average. With the bounce off of the aforementioned technical indicators, it looks like this market wants to continue to the upside. That being said, we would look for an advance above the 10-day moving average and for a rung at the \$110 level.

Fundamental News: Goldman Sachs is still forecasting year-end oil prices at \$125/barrel, despite China's Covid lockdowns and the record SPR announcement. It also raised its 2023 oil price forecast to \$115/barrel from a previous forecast of \$110/barrel. Goldman Sachs said that despite oil prices being below their 2008 peak, it believes distillate cracks offer even more upside potential as the market faces an acute distillate shortage. It said the oil market has pivoted to a new pricing regime requiring demand destruction as the balancing mechanism of last resort in a world devoid of inventory buffers and short-term supply elasticity. It said this will likely result in higher distillates cracks versus the rest of the barrel due to distillate's lower price elasticity of demand as well as increased government interventions to reduce gasoline taxes and prices. Goldman Sachs also said it expects gas-to-oil switching to continue throughout the year given its expectation for elevated natural gas prices in Europe and Asia. The bank also forecasts jet fuel demand will reach a 6 million bpd peak this August globally from its 5 million bpd level seen in March.

An Iranian Foreign Ministry spokesperson, Saeed Khatibzadeh, said the United States is responsible for the pause in talks between Tehran and world powers in Vienna aimed at reviving a 2015 nuclear deal. He said the U.S. should make a political decision for the deal's revival, adding that Iran would "not wait forever" for the pact to be revived. He also said Tehran was ready to resume talks with its key regional rival, Saudi Arabia, if Riyadh showed willingness to resolve outstanding issues between the two countries.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.2 million bpd of capacity in the week ending April 8th, cutting available refining capacity by 181,000 bpd. Offline capacity is expected to fall to 965,000 bpd in the week ending April 15th.

According to a report by the U.N. climate science panel, the world needs to rapidly accelerate its transition away from coal and other fossil fuels to avoid extreme climate change. The report justifies the growing concern among scientists, activists and governments that promises to cut greenhouse gas emissions so far are inadequate to keep global temperatures from rising more than 1.5 or 2 degrees Celsius. It stated that to keep warming in check, global consumption of coal, for example, must fall by at least 67% by 2030 and 95% by 2050, while oil and gas use must also decline sharply.

Early Market Call - as of 8:35 AM EDT

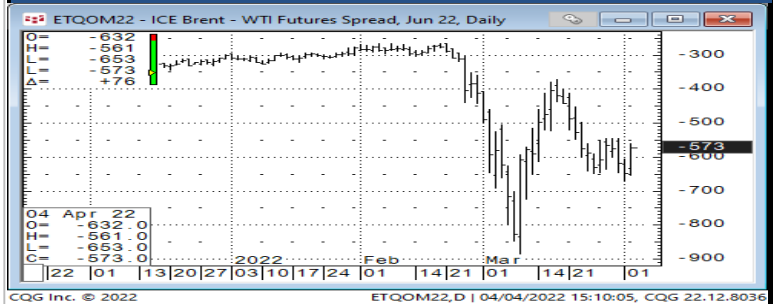
WTI - May \$103.98 Up .68
 RBOB - May \$3.2204 Up .0223
 HO - May \$3.5411 Down .0050

All NYMEX | Prior Settlements

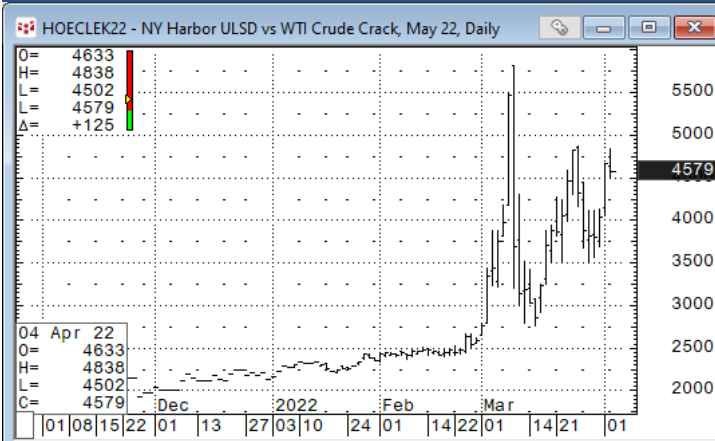
| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| May-22 | 3.5461 | 0.1221 | 0.0929 |
| Jun-22 | 3.3265 | 0.102 | 0.0359 |
| Jul-22 | 3.2068 | 0.0812 | 0.0260 |
| Aug-22 | 3.1423 | 0.0788 | 0.0508 |
| Sep-22 | 3.1024 | 0.081 | 0.0109 |
| Oct-22 | 3.0736 | 0.0829 | 0.0942 |
| Nov-22 | 3.0449 | 0.085 | 0.1099 |
| Dec-22 | 3.0166 | 0.0854 | 0.1174 |
| Jan-23 | 2.9912 | 0.0849 | 0.1240 |
| Feb-23 | 2.9631 | 0.0816 | 0.1269 |
| Mar-23 | 2.9313 | 0.0771 | 0.1295 |
| Apr-23 | 2.8982 | 0.0754 | 0.1345 |
| May-23 | 2.8703 | 0.072 | 0.1386 |
| Jun-23 | 2.8447 | 0.0673 | 0.1372 |
| Jul-23 | 2.8288 | 0.0674 | 0.1398 |
| Aug-23 | 2.8168 | 0.0686 | 0.1428 |
| Sep-23 | 2.8063 | 0.0695 | 0.1448 |

| Sprague HeatCurve October 2022-April 2023 | | Close | Change |
|---|------------|------------|-----------|
| Crude - WTI | May Brent- | \$101.8400 | \$3.9400 |
| Crude - Brent | WTI Spread | \$107.5300 | \$3.1400 |
| Natural Gas | \$5.69 | \$5.7120 | -\$0.0080 |
| Gasoline | | \$3.1981 | \$0.0446 |

ICE June Brent-WTI Spread



May Heating Oil Crack Spread



May RBOB Crack Spread

