

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market on Wednesday extended its losses amid fears that more aggressive U.S. interest rate hikes would pressure economic growth. The Federal Reserve Chair reaffirmed his message of higher and potentially faster interest rate hikes but emphasized that debate was still underway with a decision depending on data to be issued before the U.S. central bank's policy meeting in two weeks. The market posted a high of \$77.73 in overnight trading before it continued to trade lower and retraced more than 62% of its move from a low of \$73.80 to a high of \$80.94, as it traded to \$76.35 ahead of the release of the EIA weekly petroleum stock report. The crude market retraced some of its losses upon the release of the inventory report showing an unexpected draw of over 1.6 million barrels. It was the first draw in stocks following 10 weeks of builds. However, the market just as quickly sold off to a low of \$76.11 as the inventory data pointed to weak demand. The market later retraced some of its losses and traded sideways during the remainder of the session. The April WTI contract settled in negative territory for the second consecutive session, down 92 cents at \$76.66 while, the May Brent contract settled down 63 cents at \$82.66. The product market also settled lower, with the heating oil market settling down 5.56 cents at \$2.7419 and the RB market settling down 1.18 cents at \$2.6889.

Technical Analysis: The oil market is seen retracing its recent losses as it awaits the release of the February payrolls report on Friday and the release of the inflation report next week. The ADP private employment report released early on Wednesday showed a larger than expected increase in February, giving way for the Fed to possibly increase rates at a faster rate. The crude market is seen finding support at its low of \$76.11, \$75.83, \$75.55, \$75.22, \$74.99 followed by \$74.09, \$73.83-\$73.80 and \$73.47. Resistance is seen at \$77.25, its high of \$77.73 followed by \$78.15, \$78.89, \$80.24 and \$80.94. More distant resistance is seen at \$82.48 and \$82.64.

Fundamental News: The EIA reported that U.S. crude oil stocks fell by 1.694 million barrels in the week ending March 3rd to 478.5 million barrels. It is the first crude stock draw in 11 weeks. U.S. East Coast crude oil inventories fell by 400,000 barrels to a record low of 6.7 million barrels in the week ending March 3rd. The previous low was 6.71 million barrels in May 2021. Meanwhile, U.S. Gulf Coast crude oil stocks increased by 2.7 million barrels on the week to 269.9 million barrels, the highest level since May 2021. U.S. distillate stocks increased by 138,000 barrels to 122.3 million barrels, the highest level since January 2022.

U.S. Energy Secretary Jennifer Granholm said any further releases from the U.S. Strategic Petroleum Reserve would be due to disruptions like the war in Ukraine. She said "There has to be a situation like that that would generate interest in doing it. It's not just about increases in prices, it really is about an emergency disruption."

Barclays cut its 2023 oil price forecasts due in part to more resilient output from Russia than expected, and said the market could flip into a deficit in the second half of the year due to increasing demand in China. The bank cut its average forecasts for the Brent and WTI benchmarks by \$6/barrel to \$92/barrel and by \$7/barrel to \$87/barrel, respectively. It also forecast Brent would average \$97/barrel and WTI would average \$92/barrel next year. The analysts added that the market could flip into a deficit of 500,000 bpd in the second half of this year as China's reopening from pandemic restrictions "matures" and as supply growth from outside the OPEC+ producer group slows. The market is running a supply surplus of about 800,000 bpd currently. Barclays revised its 2023 demand estimate 150,000 bpd higher due in part to a somewhat improved growth outlook for the United States and Europe. It sees a 900,000 bpd increase in Chinese demand this year. It also forecast a 500,000 bpd decline in Russian output in the fourth quarter this year from last year's level, down from a previous forecast of a 700,000 bpd decline.

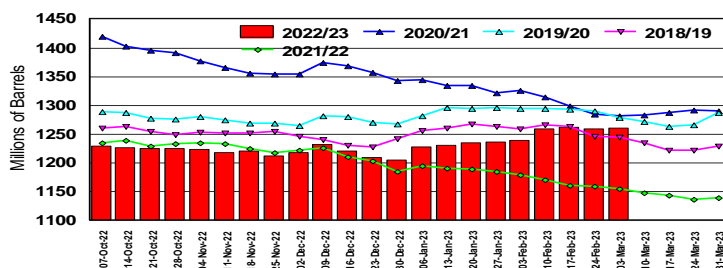
Early Market Call - as of 8:45 AM EDT

WTI - April \$77.04, up 37 cents
 RBOB - April \$2.7028, up 1.39 cents
 HO - April \$2.7423, up 4 points

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-23	2.7419	-0.0556	-0.1319
May-23	2.7068	-0.045	-0.1054
Jun-23	2.6721	-0.0384	-0.0898
Jul-23	2.6581	-0.0343	-0.0797
Aug-23	2.6532	-0.0318	-0.0713
Sep-23	2.6532	-0.0304	-0.0663
Oct-23	2.6523	-0.029	-0.0617
Nov-23	2.6481	-0.0276	-0.0575
Dec-23	2.6394	-0.0264	-0.0543
Jan-24	2.6325	-0.0256	-0.0512
Feb-24	2.6219	-0.025	-0.0481
Mar-24	2.6047	-0.0245	-0.0451
Apr-24	2.5807	-0.0245	-0.041
May-24	2.5675	-0.0242	-0.0369
Jun-24	2.5571	-0.0229	-0.0324
Jul-24	2.5491	-0.0215	-0.0297
Aug-24	2.5397	-0.0214	-0.0291

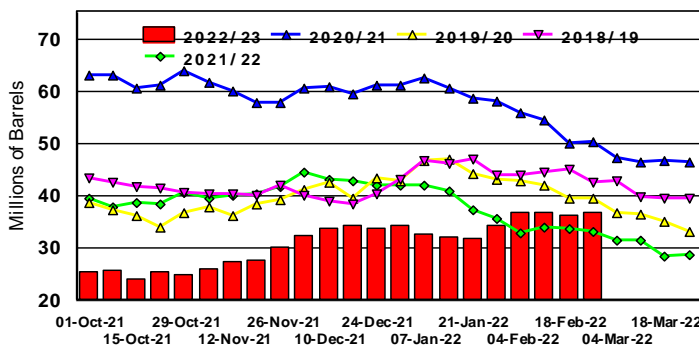
Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	May Brent- WTI Spread \$5.85	\$76.8100	-\$0.9100
Crude - Brent		\$82.6600	-\$0.6300
Natural Gas		\$2.6889	-\$0.1180
Gasoline		\$2.5510	-\$0.1360

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending March 3, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.166 million barrels
 Cushing, OK Crude Stocks Up 307,000 barrels
Gasoline Stocks Down 874,000 barrels
Distillate Stocks Up 179,000 barrels
Refinery % Operated 85.8%, down 0.1%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Mar 3, 2023	Week Ending Feb 24, 2023	Week Ending Mar 4, 2022
New England	4.3	4.5	5.5
Central Atlantic	19.0	19.4	15.0
Total PADD #1	36.6	36.3	31.5
Distillate Imports (thousands b/d)	121	146	213

This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.