

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil futures plunged on Tuesday after Beijing imposed widespread lockdowns, while U.S. stock indexes opened higher ahead of the start of a cycle of interest-rate rises from the Federal Reserve. The steep decline on Tuesday followed a statement from Russian Foreign Minister Sergei Lavrov, saying that Moscow is in favor of the 2015 Iran nuclear deal resuming as soon as possible. Oil futures dropped below \$100, for the first time since the end of February, unwinding much of the rally since Russia invaded Ukraine. Front month WTI fell as much as 9.2%, to a session low of \$93.53, while Brent shed as much as 7%, to a session low of \$97.44. This was the lowest level for both benchmarks since Feb.25. US benchmark oil prices finish down 6.4% at \$96.44 a barrel, the lowest closing price since Feb. 28 and \$27 below a 14 -year closing high of \$123.70 reached one week ago. Brent for May delivery lost \$6.99, or 6.5%, to settle at \$99.91 a barrel, off 21.93% from its 2022 settlement high of \$127.98, reached on Tuesday, March 8, 2022. April RBOB fell 0.2039 cents to \$2.9981 per gallon, while April heating oil fell 0.2698 cents, to \$3.0297 a gallon.

**Market Analysis:** Traders are focused on the U.S. Federal Reserve's report on Wednesday, when it is widely expected to raise interest rates by 25 basis points for the first time in four years. The move is imagined to fight soaring inflation. Such a move could strengthen the U.S. dollar and dampen demand for commodities price in the currency. Tuesday's steep price decline surprised several analysts. WTI broke below a trend line that dates back to the beginning of December 2021 with follow through selling pushing May WTI briefly below the 50-day moving average, where it found support. Given the sensitivity of the geopolitical fundamentals, there are concerns regarding demand recovery at time when it looks like the economy is slowing down. Should WTI recapture the \$100 level, we would expect to see fresh buying enter this market. A sustained break below the 50-day moving average will prompt sellers into action, with this market looking toward \$85.

**Fundamental News:** OPEC said that oil demand in 2022 faced challenges from Russia's invasion of Ukraine and rising inflation as crude prices soar, but it stopped short of changing its forecast for robust demand this year. In a monthly report, OPEC stuck to its view that world oil demand would increase by 4.15 million bpd in 2022. However, OPEC said the war in Ukraine and continued concerns about COVID-19 were reshaping the world economy, and it said this would have a negative short-term impact on global growth. It said world oil consumption is still expected to surpass the 100 million bpd level in the third quarter, in line with OPEC's previous forecast. It increased its forecast of total oil demand in 2022 by about 100,000 bpd to 100.9 million bpd. On an annual basis according to OPEC, the world last used more than 100 million bpd of oil in 2019. The report showed OPEC output in February increased by 440,000 bpd to 28.47 million bpd, exceeding the 254,000 bpd increase that OPEC is allowed under the deal for the first time in 2022. OPEC increased its 2022 forecast for world demand for its crude by 100,000 bpd to 29 million bpd. The growth forecast for overall non-OPEC supply in 2022 was left unchanged as was that for production of U.S. tight oil.

Iran's Foreign Minister, Hossein Amirabdollahian, said during a news conference with his Russian counterpart, Sergei Lavrov, in Moscow that there is no link between current events in Ukraine and nuclear talks in Vienna. Russia's Foreign Minister said Russia has received assurances from Western powers that its interests resulting from the prospected new nuclear deal with Iran will "be respected". The U.S. State Department said it hopes to be able to complete a mutual return to compliance with the Iranian nuclear agreement in short order.

Separately, Russia's Foreign Minister said Tuesday that the OPEC+ alliance should agree on "how to optimally distribute" crude production quotas, if a new Iranian nuclear deal is reached. S&P Global Commodity Insights estimates if a deal is reached Iranian production could increase by 750,000 b/d by August and allow about 300,000 b/d of exports from storage.

**Early Market Call - as of 8:00 AM EDT**

WTI - Apr \$96.19, down 27 cents  
 RBOB - Apr \$3.0099, up 1.03 cents  
 HO - Apr \$3.0786, up 4.74 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-22	\$3.0297	-\$0.2466	-\$1.4076
May-22	\$2.9458	-\$0.2058	-\$1.1897
Jun-22	\$2.8902	-\$0.1662	-\$0.9694
Jul-22	\$2.8499	-\$0.1435	-\$0.7632
Aug-22	\$2.8128	-\$0.1272	-\$0.6450
Sep-22	\$2.7819	-\$0.1146	-\$0.6759
Oct-22	\$2.7558	-\$0.0980	-\$0.5041
Nov-22	\$2.7305	-\$0.0798	-\$0.4347
Dec-22	\$2.7056	-\$0.0639	-\$0.3747
Jan-23	\$2.6839	-\$0.0534	-\$0.3329
Feb-23	\$2.6618	-\$0.0491	-\$0.3149
Mar-23	\$2.6355	-\$0.0466	-\$0.2982
Apr-23	\$2.6060	-\$0.0441	-\$0.2801
May-23	\$2.5834	-\$0.0402	-\$0.2627
Jun-23	\$2.5671	-\$0.0355	-\$0.2441
Jul-23	\$2.5585	-\$0.0331	-\$0.2336
Aug-23	\$2.5505	-\$0.0311	-\$0.2242

Sprague HeatCurve October 2022-April 2023			\$2.6797
		Close	Change
Crude - WTI	May Brent-WTI Spread \$6.04	\$94.7900	-\$6.3900
Crude - Brent		\$100.8300	-\$6.0700
Natural Gas		\$4.5680	-\$0.0900
Gasoline		\$2.9981	-\$0.1708

### API Report for the Week Ending March 11, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 3.8 million barrels	Down 1 million barrels
Gasoline Stocks	Down 3.8 million barrels	Down 1.7 million barrels
Distillate Stocks	Up 888,000 barrels	Down 1.9 million barrels
Refinery Runs		Up 0.1%, 89.4%

## April Heating Oil Crack Spread

## April RBOB Crack Spread

