

Market Commentary

Recap: WTI erased earlier gains and fell as much as 6.1% to \$95.73 a barrel after an EIA report showed an unexpected week-on-week increase in U.S. crude oil inventories, and also a bearish rise in stockpiles held at the WTI delivery hub in Cushing, OK. Additionally, the report showed a 100k bpd increase in US oil production to 11.8M bpd, matching its highest level since the pandemic caused production to fall nearly two years ago. Among the few bullish data points were US gasoline inventories that fell by 2M barrels, much more than the 200k-barrel decline analysts were forecasting in a WSI survey. WTI fell \$5.73 or 5.6% to \$96.23 a barrel, its lowest level in 3 weeks. Brent settled at \$101.07, down \$5.57, or 5.2%. May RBOB lost 11.87 cents, or 3.75% to settle at \$3.0462 a gallon. May heating oil slipped 12.20 cents, or 3.55% to \$3.3452 a gallon.

Technical Analysis: WTI traded below several key technical indicators on Wednesday, as it is now below the lower trend line on the symmetrical triangle we had previously written about. The down move continued, with the May contract blowing through \$98.27, the 50% retracement provided by the March high of \$130.50 and the December low of \$66.04. It gathered enough steam to settle below the 50-day moving average, a move not seen since December. Based upon the point of break of the symmetrical triangle, the projected downside target is \$93.96.

Fundamental News: The EIA reported that U.S. crude in the SPR fell by 3.7 million barrels in the week ending April 1st to 564.6 million barrels, the lowest level since April 2002. The EIA also reported that U.S. oil production increased for a second consecutive week, up by 100,000 bpd to 11.8 million bpd, the most since December 2021. Meanwhile, U.S. East Coast distillate stocks fell last week to 27.3 million barrels, the lowest level since April 2003.

The IEA will release 120 million barrels of oil to ease prices, half of which would come from the U.S., while other IEA members would provide the rest. The U.S. contribution would be a part of the 180 million barrels that President Joe Biden has already announced.

On Wednesday, oil executives defended themselves in the U.S. Congress from charges by lawmakers that they are gouging Americans with high fuel prices, saying that they are increasing energy output and no one company sets the price of gasoline. Lawmakers in the U.S. House of Representatives Energy and Commerce Subcommittee on Oversight and Investigations are holding the hearing to question companies on why gasoline prices remain elevated even though prices for crude oil, the feedstock for fuels, have fallen. Executives from Exxon Mobil, Chevron, BP America, Shell USA, Devon Energy Corp and Pioneer Natural Resources Co testified.

Barclays expects the high oil and gas prices to persist over the next two years, citing a lack of spare oil capacity, tight natural gas market, and near-term shortages of diesel. It said "Years of underinvestment suggest we are entering a period of elevated oil & gas prices." Barclays adjusted its 2022-2024 oil price assumptions by 50% on average, and more than doubled its natural gas price estimates for Europe and Asia. In regards to oil it said \$100/barrel is now the base case.

IIR Energy reported that U.S. oil refiners are expected to shut in 1.1 million bpd of capacity in the week ending April 8th, cutting available refining capacity by 123,000 bpd. Offline capacity is expected to fall to 893,000 bpd in the week ending April 15th.

Early Market Call - as of 8:30 AM EDT

WTI - May \$97.86, up \$1.61

RBOB - May \$3.0871, up 3.97 cents

HO - May \$3.3772, up 3.08 cents

All NYMEX | Prior Settlements

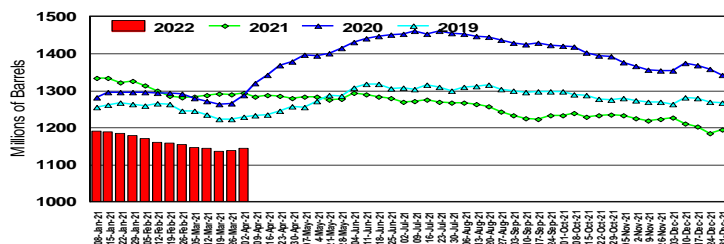
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Apr-22	3.3452	-0.123	-0.1118
May-22	3.1665	-0.1119	-0.1505
Jun-22	3.0781	-0.1025	-0.1521
Jul-22	3.0221	-0.1017	-0.1287
Aug-22	2.9911	-0.0981	-0.1597
Sep-22	2.9686	-0.0943	-0.0748
Oct-22	2.9445	-0.091	-0.0578
Nov-22	2.9182	-0.0894	-0.0503
Dec-22	2.8952	-0.0865	-0.0434
Jan-23	2.8694	-0.0839	-0.0388
Feb-23	2.8391	-0.0822	-0.0354
Mar-23	2.8035	-0.0829	-0.0356
Apr-23	2.7741	-0.0833	-0.0341
May-23	2.7483	-0.0826	-0.0332
Jun-23	2.7322	-0.082	-0.0288
Jul-23	2.7187	-0.0813	-0.0254
Aug-23	2.7086	-0.0794	-0.0191

Sprague HeatCurve October 2022-April 2023

	Close	Change
Crude - WTI	\$95.4100	-\$5.2700
Crude - Brent	\$101.0700	-\$5.5700
Natural Gas	\$6.0290	-\$0.0030
Gasoline	\$3.0462	-\$0.1187

Total U.S. Oil Stocks

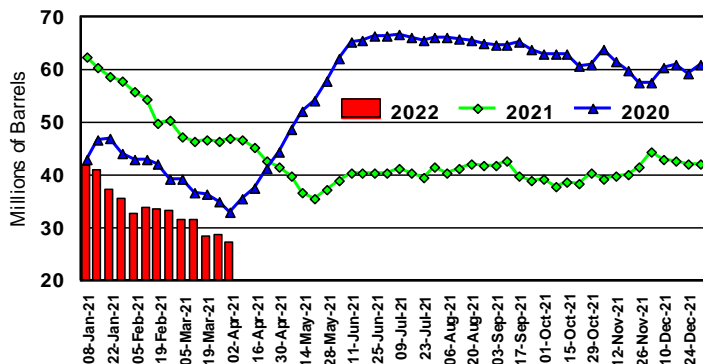
Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending April 1, 2022

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 2.4 million barrels

Cushing, OK Crude Stocks Up 1.65 million barrels

Gasoline Stocks Down 2 million barrels

Distillate Stocks Up 771,000 barrels

Refinery % Operated 92.5%, Up 0.4%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Apr 1, 2022	Week Ending Mar 25, 2022	Week Ending Apr 2, 2021
New England	4.9	5.7	9.2
Central Atlantic	10.6	11.8	23.9
Total PADD #1	27.3	28.6	47.0
Distillate Imports (thousands b/d)	47	140	280