

Market Commentary

Recap: Oil futures tried to rally in early trading but moved significantly lower on a host of factors, which include rising U.S. crude oil inventories amid weak gasoline demand, as the U.S. and other countries dip into strategic reserves to make up for any shortfalls, due to the Russian invasion of Ukraine. Prices were also pressured by fears that lockdowns in China, due to a new wave of COVID-19, would slow the recovery. Brent futures fell 49 cents, or 0.5%, to settle at \$100.58 a barrel, while WTI for May delivery fell 20 cents, or 0.6%, to \$96.03 a barrel. The previous session, both benchmarks plunged more than 5% to their lowest closing levels since March 16.

Technical Analysis: May WTI's failure to come back up and test the 50-day moving average it had settled below on Wednesday, led to a technical sell-off, sending this spot contract just below its projected downside objective of \$93.96. Slow stochastics are now in oversold territory, but do not look like they are getting ready to cross to the upside. This, combined with the 10-day moving average closing in on the 50-day moving average, indicates further downside movement. A cross of the shorter term average below the longer term will shift the trend of this market to the downside. That being said that, we are not bearish on crude oil, but are looking for lower opportunities to buy this market. Support is seen at \$90 and below that at \$89. To the upside, resistance is set at \$99.31 and above that at \$101.95.

Fundamental News: On Thursday, the U.S. Senate overwhelmingly supported legislation banning oil imports from Russia over the invasion of Ukraine.

The IEA confirmed member country contributions to the second collective action to release oil stocks in response to Russia's invasion of Ukraine. The commitment submitted by members reached 120 million barrels to be released over a six month period. The U.S. will release 60 million barrels of oil and Japan will release 15 million barrels. Other major contributors include South Korea, Germany, France, Italy and the UK.

Kyodo news agency reported that Japan will release 15 million barrels of oil from state and private reserves as part of a second round of the coordinated release led by the IEA. It will mark Japan's biggest contribution ever to the IEA-led action.

India said it was examining ways to support decisions by the IEA member countries to release crude from their national inventories. India joined other major consumers to release 5 million barrels of oil from its strategic petroleum reserves in November to contain inflationary pressures.

Russia's Deputy Prime Minister, Alexander Novak, said global oil demand is increasing and added that Russia does not see any significant problems in the oil market. He said oil prices reflect the current situation. He also stated that Russia's oil production may decline by 4% to 5% in April due to problems with insurance and usage of vessels. He added that the Russian government was looking at the possibility of switching to payment in yuan for energy exports to China.

The U.S. EPA denied 36 petitions from oil refiners seeking exemptions to the country's biofuel blending laws for the 2018 compliance year but will provide 31 of those refineries with another avenue to seek relief. The agency said that the alternative relief EPA plans to grant to 31 of the refineries will allow the facilities to meet their 2018 obligations without purchasing credits to show compliance with the law. It said the decision was made because of "extenuating circumstances," including the fact the plants has initially been granted waivers.

Early Market Call - as of 8:25 AM EDT

WTI - May \$97.10, up \$1.08
 RBOB - May \$3.0603, up 2.16 cents
 HO - May \$3.3145, up 4.54 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-22	3.2678	-0.0774	-0.0931
May-22	3.1428	-0.0237	-0.0581
Jun-22	3.0804	0.0023	-0.0287
Jul-22	3.0373	0.0152	-0.0017
Aug-22	3.0134	0.0223	-0.0256
Sep-22	2.9961	0.0275	0.0432
Oct-22	2.9769	0.0324	0.0607
Nov-22	2.956	0.0378	0.0694
Dec-22	2.9381	0.0429	0.0768
Jan-23	2.9166	0.0472	0.0789
Feb-23	2.8898	0.0507	0.0795
Mar-23	2.8553	0.0518	0.0773
Apr-23	2.8247	0.0506	0.0720
May-23	2.8004	0.0521	0.0687
Jun-23	2.7855	0.0533	0.0701
Jul-23	2.7723	0.0536	0.0709
Aug-23	2.7638	0.0552	0.0760

Sprague HeatCurve October 2022-April 2023		\$2.9311
	Close	Change
Crude - WTI	\$95.5100	\$0.1000
Crude - Brent	\$100.5800	-\$0.4900
Natural Gas	\$6.3590	\$0.3300
Gasoline	\$3.0398	-\$0.0064

EIA Working Gas Storage Report

	01-Apr-22	25-Mar-22	Change	01-Apr-21
East	241	268	-27	305
Midwest	296	317	-21	398
Mountain	91	89	2	115
Pacific	165	161	4	197
South Central	589	581	8	765
Salt	173	169	4	234
Nonsalt	416	412	4	532
Total	1,382	1,415	-33	1,781

WTI Forward Curve

ICE June Brent-WTI Spread

