

Market Commentary

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Recap: The oil market on Thursday traded higher after reversing its previous losses in what appeared to be a technical rebound. On the opening, the market sold off sharply by almost \$5 to a low of \$63.64, the lowest level seen since December 2021. The mini-flash crash may have been caused by a large position liquidation amidst thin trading conditions. Unlike the usual sharp moves right on the opening, the market's sharp selloff came in the fifth minute, with more than 3,000 June futures contracts trading. However, within the next minute the market had bounced back to \$66 and continued to retrace its previous losses. The market seemed to have been supported on the European Central Bank deciding to slow the pace of its interest rate hikes. Also, Russia's Deputy Prime Minister, Alexander Novak, said that Russia was abiding by its voluntary pledge to cut output by 500,000 bpd from February until the end of the year, although there are little signs of Russia actually cutting its output. The market traded to a high of \$69.84 in afternoon trading. The June WTI contract settled down 4 cents at \$68.56 and the July Brent contract settled up 17 cents at \$72.50. The product markets ended the session slightly higher, with the heating oil market settling up 64 points at \$2.2387 and the RB market settling up 38 cents at \$2.3259.

Technical Analysis: The market is seen remaining range bound ahead of the weekend as it retraces some more of its losses, with its stochastics looking ready to cross to the upside. The market is seen finding resistance at its high of \$69.84, \$71.18, \$71.79 followed by \$73.51, \$75.84 and \$76.11. Meanwhile, support is seen at \$67.48, \$67.16, \$66.36 and its low of \$63.64.

Fundamental News: Bloomberg reported that while crude markets have suffered large losses, with WTI falling over \$20 over the last three weeks, on concerns over the wider economy, real oil demand still looks strong enough to force a rebound in prices. China is importing a large number of cargoes as domestic travel rebounds and traders expect the country's crude purchases to remain high in the next few months. Inventories are tightening around the world and should deplete even faster as Saudi Arabia and its OPEC+ allies implement new supply cuts. According to UBS Group AG, oil consumption continues to appear healthy and may increase further over the coming months. It advised clients to add long positions in Brent. The market's strength is also reflected in the market's backwardation, with Brent futures for immediate delivery commanding a premium over later months. According to the IEA, world oil demand remains on track to increase by 2 million bpd this year to 101.9 million bpd. Several analysts believe that should fundamentals deteriorate, Saudi Arabia and other OPEC+ producers are likely to intervene further to support prices.

Iraq's Oil Minister said on Wednesday, that Iraq is in the final stages of talks with Kurdish officials to resume crude oil exports from the semi-autonomous Kurdistan region. He outlined the agreement should be finalized "within a week or two weeks maximum" for the resumption of oil exports. More than 450,000 b/d of Kurdish exports have been suspended since March 25th. Kurdish officials though said the resumption in exports is due to a standoff between Baghdad and Turkey over the use of the pipeline.

Bloomberg reported that the state oil company of Abu Dhabi, part of the United Arab Emirates, notified customers that it will reduce shipments of crude oil starting in May, in line with OPEC+'s surprise decision to tighten supplies. Adnoc will cut the volumes by 5% for all of its cargoes being shipped from May. That's within the lower range of the operational tolerance rule for long-term contracts, under which the company has the ability to supply plus or minus 5% of monthly volumes. It's the first sign yet that a member of the OPEC+ coalition is moving toward implementing the group's production cuts of around 1.6 million bpd by July.

Early Market Call - as of 8:40 AM EDT

WTI - June \$70.67, up \$2.11
 RBOB - June \$2.3781, up 5.22 cents
 HO - June \$2.2935, up 5.33 cents

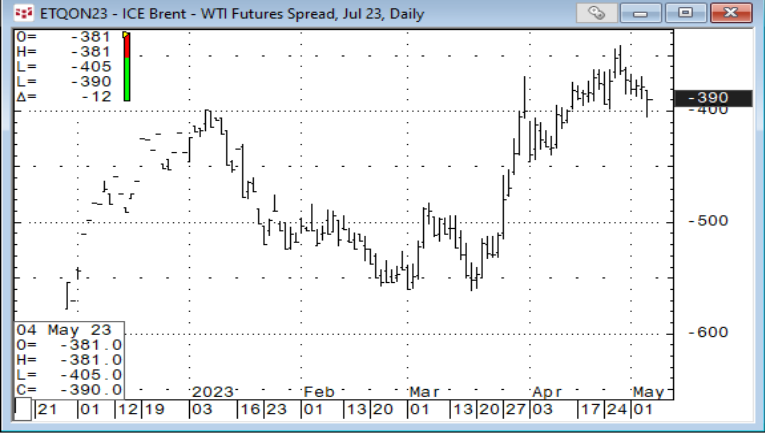
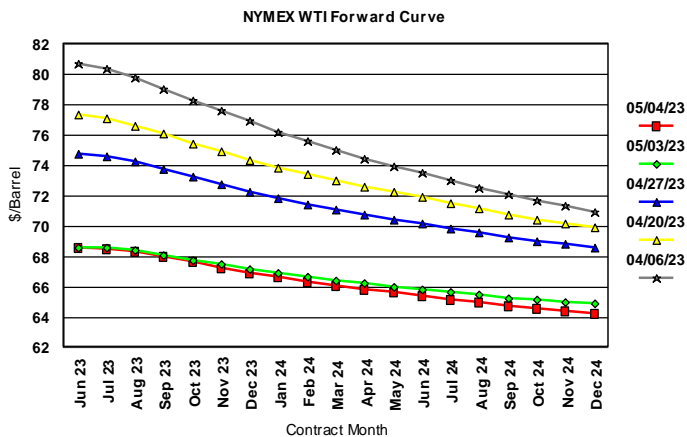
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-23	2.2387	0.0064	-0.1138
Jul-23	2.2428	0.0083	-0.1122
Aug-23	2.2501	0.0089	-0.1132
Sep-23	2.2592	0.0087	-0.1133
Oct-23	2.2673	0.0078	-0.1122
Nov-23	2.2704	0.0067	-0.1103
Dec-23	2.2694	0.0056	-0.1090
Jan-24	2.2727	0.0047	-0.1079
Feb-24	2.2728	0.0040	-0.1056
Mar-24	2.2659	0.0033	-0.1026
Apr-24	2.2501	0.0031	-0.0993
May-24	2.2405	0.0031	-0.0983
Jun-24	2.2314	0.0031	-0.0984
Jul-24	2.2279	0.0015	-0.0984
Aug-24	2.2249	0.0000	-0.0984
Sep-24	2.2224	-0.0005	-0.0982
Oct-24	2.2213	0.0002	-0.0966

Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	July Brent-	\$68.5100	-\$0.0400
Crude - Brent	WTI Spread	\$72.5000	\$0.1700
Natural Gas	\$3.99#####	\$2.1010	-\$0.0690
Gasoline	Jan-00	\$2.3259	\$0.0038

	28-Apr-23	21-Apr-23	Change	28-Apr-22
East	410	390	20	251
Midwest	481	468	13	322
Mountain	95	90	5	92
Pacific	100	90	10	175
South Central	977	971	6	715
Salt	278	275	3	230
Nonsalt	699	695	4	486
Total	2063	2009	54	1,556

WTI Forward Curve

ICE July Brent-WTI Spread



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