

Market Commentary

Recap: On Monday, the crude oil market reversed its early losses and traded to a new seven year high ahead of the close as the market remained supported by the Russian-Ukrainian crisis. The crude market opened 90 cents higher on Sunday night and traded to \$94.94 following a statement by the U.S. that Russia could invade Ukraine at any time. It later sold off to a low of \$92.09 as Russia suggested that it was ready to keep talking to the West to try to defuse a security crisis in which it has amassed a large force within striking distance of Ukraine. In a televised exchange, President Vladimir Putin was shown asking his foreign minister, Sergei Lavrov, whether there was a chance of an agreement to address Russia's security concerns, or whether it was just being dragged into tortuous negotiations. Lavrov said he supports continuing diplomatic efforts with the West. The oil market was also weighed by news of Iran stating that it is in a hurry to reach a good deal in nuclear talks. The market later bounced off its low and rallied to a high of \$95.82 in afternoon trading as Ukrainian leader Volodymyr Zelenskiy spooked the market with what appeared to be a sarcastic comment about the rest of the world predicting a date for a Russian attack. The March WTI settled up \$2.36 or 2.53% at \$95.46, the highest level since September 3, 2014, while the April Brent contract also settled up \$2.04 or 2.16% at \$96.48. The product markets ended the session sharply higher, with the heating oil market settling up 5.09 cents at \$2.9618 and the RB market settling up 4.08 cents at \$2.7794.

Technical Analysis: The oil market is seen continuing on its upward trend as long as a threat of a Russian attack on Ukraine remains in place. The market remains sensitive to any news of potential supply disruptions as oil inventories are low and producers' spare capacity is expected to fall further. The market is seen finding resistance at its high of \$94.94 followed by \$96.87, basis a trendline. Support is however, seen at its low of \$92.09, \$91.82, \$91.24, \$90.63 followed by its lows of \$89.19, \$89.03 and \$88.41.

Fundamental News: The IEA's chief, Fatih Birol, said that he hopes OPEC+ can close the gap between their words and their actions. Speaking at an industry event in Cairo, he added that the politicization of gas markets in Europe benefits no one.

OPEC Secretary General, Mohammad Barkindo, said he was "reasonably optimistic" that global leaders involved in the standoff between Russia and the West over Ukraine will be able to restore peace and stability. He said geopolitics and massive underinvestment were driving the oil market, adding that the world needs every barrel it can get at the moment.

UBS expects higher volatility for crude oil prices in the near term, with prices driven by escalation/de-escalation news about Russia and Ukraine. UBS said with oil demand to reach a record high later this year, and with the oil market set to tighten, the bank retains a positive outlook on oil over the next 12 months.

JP Morgan Global Equity Research said shortfalls in OPEC+ production and spare capacity concerns are likely to keep the oil market tight and prices could reach \$125/barrel as early as the second quarter of this year. It said the supply shortfall is causing a risk premium of more than \$30/barrel.

The EIA reported that U.S. total shale regions oil production for March is seen increasing by 109,000 bpd to 8.707 million bpd following an increase of 112,000 bpd in February.

Rystad Energy said that as much as 2.2 million bpd of U.S. shale production could be unleashed by 2023 if oil prices increase to or above \$100/barrel, driven by increasing demand and continued supply tightness.

Early Market Call - as of 8:30 AM EDT

WTI - Mar \$92.75, down \$2.72

RBOB - Mar \$2.7078, down 7.16 cents

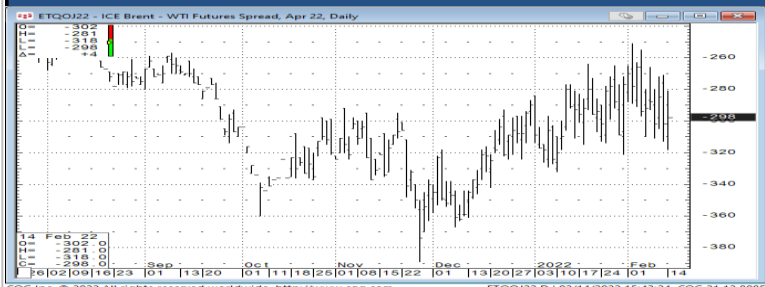
HO - Mar \$2.8875, down 7.43 cents

All NYMEX | Prior Settlements

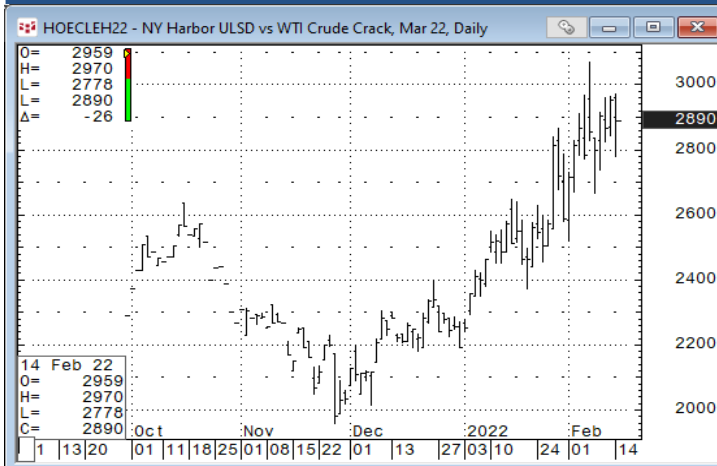
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-22	\$2.9618	\$0.0509	\$0.1064
Apr-22	\$2.8505	\$0.0474	\$0.0992
May-22	\$2.7713	\$0.0418	\$0.0859
Jun-22	\$2.7177	\$0.0353	\$0.0739
Jul-22	\$2.6851	\$0.0305	\$0.0682
Aug-22	\$2.6658	\$0.0277	\$0.0646
Sep-22	\$2.6573	\$0.0266	\$0.0561
Oct-22	\$2.6478	\$0.0259	\$0.0601
Nov-22	\$2.6345	\$0.0245	\$0.0572
Dec-22	\$2.6191	\$0.0235	\$0.0551
Jan-23	\$2.6043	\$0.0225	\$0.0534
Feb-23	\$2.5857	\$0.0215	\$0.0533
Mar-23	\$2.5640	\$0.0204	\$0.0536
Apr-23	\$2.5377	\$0.0192	\$0.0526
May-23	\$2.5172	\$0.0188	\$0.0526
Jun-23	\$2.5001	\$0.0197	\$0.0520
Jul-23	\$2.4914	\$0.0192	\$0.0526

Sprague HeatCurve October 2022-April 2023		\$2.5979	
		Close	Change
Crude - WTI	Apr Brent-WTI Spread \$2.98	\$93.5000	\$2.0800
Crude - Brent		\$96.4800	\$2.0400
Natural Gas		\$4.1950	\$0.2540
Gasoline		\$2.7794	\$0.0408

ICE April Brent-WTI Spread



March Heating Oil Crack Spread



March RBOB Crack Spread

