

Market Commentary

Recap: US benchmark oil prices finish higher for the sixth time in the past seven sessions, ending up 1.6% at \$103.79 a barrel. Brent Crude for June delivery gained \$1.53 per barrel, or 1.43% to \$108.33. Yesterday's EIA report on US oil inventories confirmed that while the debate rages as to just how much or how little Russian oil and fuel is being produced, actual global stockpiles in key regions are low, and shortages aren't out of the question. US crude-oil, gasoline and diesel inventories all fell last week, and diesel stockpiles are now at a very bullish 20% below the five-year average ahead of the peak consumption season. For tomorrow, markets will turn to weekly rig-count data from Baker Hughes. Front month WTI added \$1.60 or 1.57%, to settle at \$103.79 a barrel, while Brent for June delivery settled up \$1.53 to close at \$108.33 a barrel, after earlier reaching a high of \$109.80. May RBOB rose 5.38 cents or 1.64%, to settle at \$3.3386 a gallon, while May heating oil settle at \$3.9008 per gallon, down 7.23 cents, or 1.82%.

Technical Analysis: WTI rallied a bit on Thursday to trade above the 10-day moving average. That being said, we are still looking for the 50-day moving average as a line of support, as it sits right above the \$100 level, which is a strong psychological number. A clean break below this level puts this market in place to test \$95. To the upside, resistance is set at \$105 and above that at \$109.8.

Fundamental News: The U.S. Energy Department said contracts have been awarded for 30 million barrels oil sold from the SPR. It said the SPR is now scheduled to deliver 50 million barrels in May and June. It said it plans to issue its third notice of sale on May 24th for an additional 40 million barrels for delivery starting in June.

In a statement to the IMF and Financial Committee, OPEC said that the increase in oil prices was largely due to the Ukraine crisis, in its latest signal that the group would not take further action to increase supply.

Diesel and gasoil arrivals into Europe in April are on track to reach 4.48 million tons. Arrivals from the East in April are set to reach the highest level since November last year.

Traders and analysts said refiners are planning to spend the summer months increasing jet fuel and diesel production instead of gasoline. Refining crude oil into diesel or jet fuel is currently more profitable than making gasoline due to an inventory squeeze in Europe following sanctions on Russia. Normally, U.S. refiners ramp up gasoline output in the spring and summer to meet driving-season demand, while profitability for distillates like diesel or jet falls.

However, sanctions on Russian because of the war in Ukraine, pandemic-related refinery shutdowns that have reduced capacity, and an unexpected increase in natural gas prices have curtailed the volume of fuel refiners can produce, particularly in Europe, which relies on diesel as its primary motor fuel. According to the EIA, distillate exports have averaged more than 1.6 million bpd in the last two weeks, the most since mid-2019. Currently, the profit margin on distillates is nearly \$60/barrel, while the margin to make gasoline is \$34/barrel. Over the past 10 years, the average at this time of year for distillates and gasoline was \$26.24/barrel and \$27.48/barrel, respectively. Refiners have also increased jet fuel production as air travel has rebounded from a long, pandemic-induced decline. On the U.S. East Coast, jet fuel traded at more than \$100/gallon above Brent crude futures as inventories fell to 32-year lows. Whether the market is rebalanced will depend on demand. The rising cost of diesel and gasoline has started to reduce U.S. consumption, as demand for both fuels has recently fell below the five-year average.

Early Market Call - as of 9:51 AM EDT

WTI - June \$102.35 Down \$1.44
 RBOB - May \$3.2864 Down 0.0361
 HO - May \$3.9048 Up 0.0053

All NYMEX | Prior Settlements

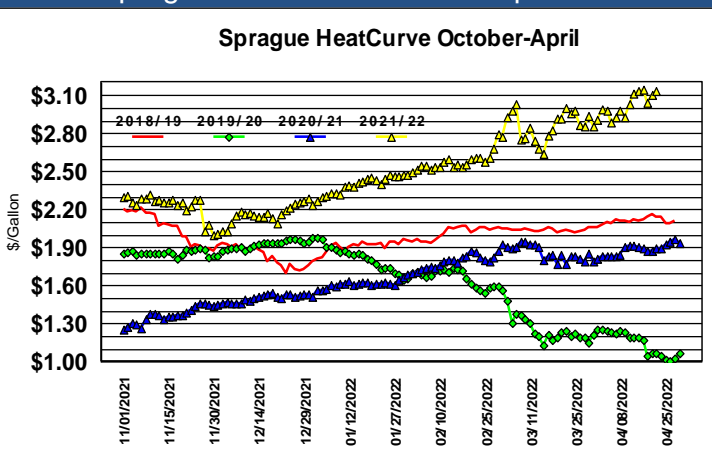
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-22	3.9008	-0.0723	0.0460
Jun-22	3.6267	-0.0407	-0.0175
Jul-22	3.4793	-0.0183	-0.0231
Aug-22	3.3801	0.0001	-0.0157
Sep-22	3.3212	0.0140	-0.0746
Oct-22	3.2674	0.0208	-0.0034
Nov-22	3.2140	0.0255	-0.0041
Dec-22	3.1651	0.0283	-0.0069
Jan-23	3.1307	0.0307	-0.0077
Feb-23	3.0986	0.0319	-0.0075
Mar-23	3.0605	0.0330	-0.0070
Apr-23	3.0161	0.0328	-0.0080
May-23	2.9799	0.0350	-0.0051
Jun-23	2.9472	0.0354	-0.0026
Jul-23	2.9230	0.0365	-0.0016
Aug-23	2.9020	0.0380	-0.0001
Sep-23	2.8860	0.0382	0.0019

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	June Brent-WTI Spread \$4.54	\$103.7900	\$1.6000
Crude - Brent		\$108.3300	\$1.5300
Natural Gas		\$6.9570	\$0.0200
Gasoline		\$3.3386	\$0.0538

EIA Working Gas Storage Report

	15-Apr-22	08-Apr-22	Change	08-Apr-21
East	238	229	9	323
Midwest	304	293	11	420
Mountain	89	90	-1	118
Pacific	169	169	0	209
South Central	650	617	33	808
Salt	201	186	15	255
Nonsalt	449	431	18	553
Total	1,450	1,397	53	1,878

Sprague HeatCurve October-April



ICE June Brent-WTI Spread

