

## Market Commentary

**Recap:** Oil futures fell on Monday, with some traders worried that the rising number of COVID cases will stammer demand and, as the energy complex grew concerned over the decision by OPEC+ to ease output curbs and indications that Iran is adding more supply to the market. Demand concerns rose as the number of COVID-19 cases rise dramatically in India and several other countries. WTI for May delivery fell \$2.80, or 4.6%, to settle at \$58.65 a barrel, while May Brent slipped \$2.71, or 4.2%, to settle at \$62.15 a barrel. This was the lowest settlement for front month contracts since March 25. May RBOB fell by 3%, to \$1.96 a gallon, while May heating oil shed 3.2%, to settle at \$1.77 a gallon.

**Technical Analysis:** Monday's activity pushed May WTI below the upward trend line that dates back to November, while the 10-day moving average crossed below the 50-day moving average. Given this scenario, we would look for this market to continue on the downside, with a test at \$57.25. A push below \$57.25 opens up the opportunity for a run at \$55. A break back above \$60 should see this market make a run at \$62.

**Fundamental News:** The Neutral Zone shared between Kuwait and Saudi Arabia stands ready to provide a significant source of the two countries' additional output as OPEC prepares to roll back its output in May. The zone is capable of producing near to its previous maximum levels of about 500,000 bpd, but has largely been curtailed by the OPEC+ agreement. However, sources stated that it could change due to lingering sovereignty and fiscal issues.

Iraq's total crude exports in March, including flows from the semi-autonomous Kurdistan region, fell 0.8% on the month to 3.28 million bpd from 3.305 million bpd in February. Federal exports in March fell by 1.5% to 2.945 million bpd from February while Kurdish exports in March fell by 3% to 335,000 bpd from February.

The chairman of consultant FGE, Fereidun Fesharaki, said Iran's exports of crude, condensate and oil products could easily reach 1.5 million-2 million bpd in the coming months amid a relatively muted U.S. response to higher shipments. Oil exports from Iran increased to 1.2-1.3 million bpd during January-March.

Goldman Sachs forecast a larger rebound in oil demand this summer than OPEC and the IEA, requiring an additional 2 million bpd increase in OPEC+ production from July to October. It expects a normalization in excess oil inventories by this fall. The bank also stated that the OPEC+ deal to increase production comes a month sooner than it had expected and added that the June and July increases are smaller than it had previously forecast.

IIR Energy reported that U.S. oil refiners are expected to shut in 1.9 million bpd of capacity in the week ending April 9<sup>th</sup>, increasing available refining capacity by 809,000 bpd from the previous week. Offline capacity is expected to fall to 1.8 million bpd in the week ending April 16<sup>th</sup>.

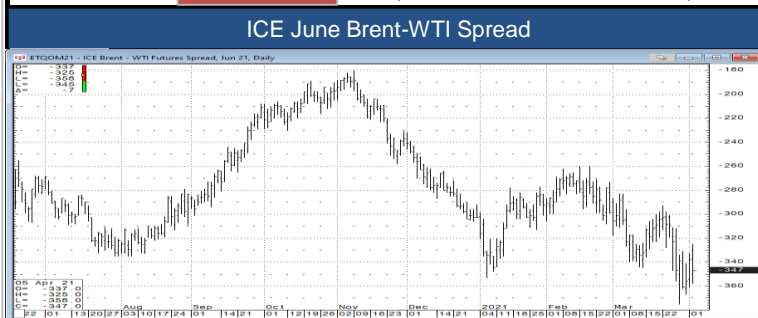
**Early Market Call - as of 8:15 AM EDT**

WTI - May \$59.62, up 97 cents  
 RBOB - May \$1.9903, up 2.92 cents  
 HO - May \$1.7913, up 1.89 cents

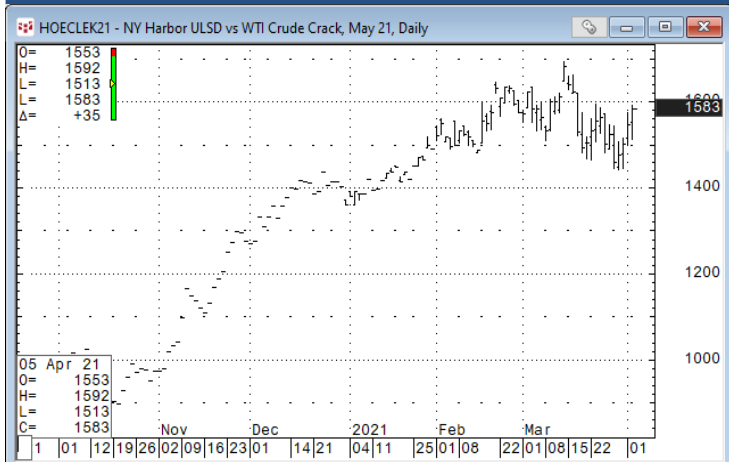
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-21	1.7724	-0.0592	0.0391
Jun-21	1.7748	-0.0596	0.0395
Jul-21	1.7777	-0.0593	0.0400
Aug-21	1.7808	-0.0589	0.0399
Sep-21	1.7848	-0.0587	0.0393
Oct-21	1.7888	-0.0582	0.0382
Nov-21	1.7926	-0.0575	0.0370
Dec-21	1.7944	-0.0571	0.0361
Jan-22	1.7977	-0.0563	0.0350
Feb-22	1.7983	-0.0556	0.0343
Mar-22	1.7944	-0.0546	0.0332
Apr-22	1.7849	-0.0536	0.0321
May-22	1.7802	-0.0523	0.0307
Jun-22	1.7779	-0.0508	0.0291
Jul-22	1.7817	-0.0495	0.0278
Aug-22	1.7850	-0.0483	0.0268
Sep-22	1.7887	-0.0470	0.0256

Sprague HeatCurve October 2021-April 2022		\$1.7944
	Close	Change
Crude - WTI	\$58.6800	-\$2.8000
Crude - Brent	\$62.1500	-\$2.7100
Natural Gas	\$2.5110	-\$0.1280
Gasoline	\$1.9611	-\$0.0612



## May Heating Oil Crack Spread



## May RBOB Crack Spread

