

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices were little changed, as they traded on a mixed note, with WTI trading to the downside, while Brent held on to small gains. The mixed emotions came as traders weighed the prospects for energy demand on the heels of the rise in global cases of COVID-19. Some analysts were also saying that the larger than expected build in U.S. gasoline stocks were also to blame for the weakness in WTI on Tuesday. May WTI fell 10 cents, or 0.2%, to trade at \$59.67 a barrel, while June Brent added 12 cents, or 0.2%, to settle at \$63.28 a barrel. May RBOB ended up 0.6%, to settle at \$1.96 a gallon, while May heating oil tacked on nearly 0.1%, to close at \$1.81 a gallon.

Technical Analysis: May WTI experienced an inside trading session on Thursday, but settled lower on the day. This market is hovering just above support set at \$58.60, while holding below the 10 and 50-day moving averages. The RSI we wrote about yesterday is trending lower, while holding below a breaking point to the upside. That being said, we would look for the market to trend lower, testing the aforementioned support, with additional support set at \$57.25. Resistance is set at \$60.23 and \$60.59.

Fundamental News: According to market intelligence firm, Kayrros, the rebalancing of global crude oil inventories has temporarily "shifted into reverse". It reported that onshore stockpiles have increased by 50 million barrels since last February at a rate of 1.2 million bpd. The recent build was driven by oil producing countries, mainly in North America, followed by the Middle East. It said inventories had been declining since mid-June, with production cuts by OPEC+ "chipping away at the overhang".

According to a draft industry-development plan from Russia's Energy Ministry, global oil demand may peak in 10-15 years as de-carbonization efforts take hold. It stated that the impact of the COVID-19 pandemic may pressure global oil demand until 2023-24. Oil prices may fluctuate in the \$50-\$75/barrel range until 2025. It stated that Russia's oil production may peak in 2027-29.

The fate of the Dakota Access pipeline could be decided at a U.S. court hearing on Friday, where federal regulators could set in motion a months-long shutdown of the line while the Biden Administration completes an environmental review. Energy Transfer's Dakota Access Pipeline (DAPL) ships up to 570,000 barrels of North Dakota's crude production to the U.S. Midwest and Gulf Coast. It has been in danger of shutting down since a D.C. court cancelled a permit last summer that allowed it to operate under a water source used by Native American tribes. The U.S. Army Corps of Engineers, which is in charge of issuing permits for pipelines to travel under waterways, is expected to detail plans for DAPL at the hearing before the U.S. District Court for the District of Columbia.

Iran's Deputy Foreign Minister, Abbas Araghchi, said talks in Vienna on the nuclear deal between Iran and world powers are "still far from conclusion, but progressing well".

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said the OPEC+ decision to increase output over the next three months was the right move. He said OPEC+ acted "in an extremely careful way" when it made the decision to increase output. The group will continue to meet every month to assess the market, meaning it can quickly adjust its plan if things change.

Early Market Call - as of 8:00 AM EDT

WTI - May \$59.49, down 11 cents
 RBOB - May \$1.9518, down 75 points
 HO - May \$1.7978, down 1.2 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-21	1.8098	0.0019	-0.0400
Jun-21	1.8118	0.0025	-0.0390
Jul-21	1.8145	0.0031	-0.0384
Aug-21	1.8177	0.0037	-0.0383
Sep-21	1.8215	0.0034	-0.0381
Oct-21	1.8251	0.0030	-0.0380
Nov-21	1.8283	0.0027	-0.0382
Dec-21	1.8296	0.0020	-0.0381
Jan-22	1.8322	0.0015	-0.0381
Feb-22	1.8319	0.0006	-0.0376
Mar-22	1.8272	-0.0001	-0.0376
Apr-22	1.8176	-0.0007	-0.0386
May-22	1.8126	-0.0015	-0.0395
Jun-22	1.8098	-0.0021	-0.0404
Jul-22	1.8128	-0.0026	-0.0406
Aug-22	1.8157	-0.0029	-0.0411
Sep-22	1.8190	-0.0032	-0.0416

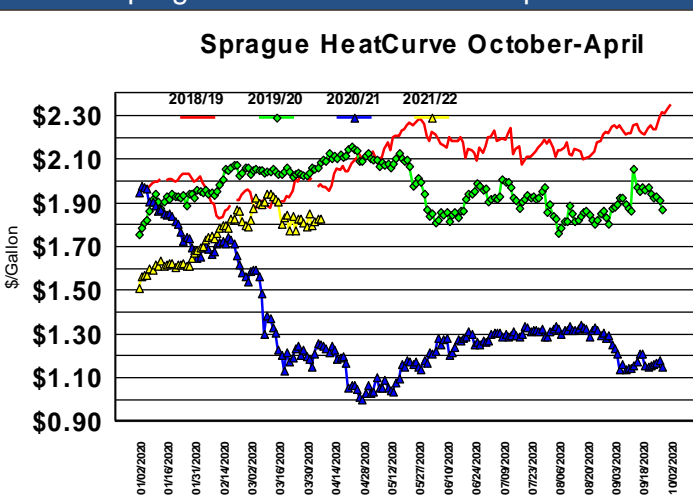
Sprague HeatCurve October 2021-April 2022			\$1.8287
		Close	Change
Crude - WTI	May Brent- WTI Spread \$3.57	\$59.6300	-\$0.1800
Crude - Brent		\$63.2000	\$0.0400
Natural Gas		\$2.5220	\$0.0020
Gasoline		\$1.9593	\$0.0075

EIA Working Gas Storage Report

	02-Apr-21	26-Mar-21	Change	02-Apr-2020
East	305	307	-2	382
Midwest	398	401	-3	475
Mountain	115	112	3	92
Pacific	198	194	4	202
South Central	768	749	19	867
Salt	235	226	9	264
Nonsalt	533	523	10	604
Total	1,784	1,764	20	2,019

Sprague HeatCurve October-April

WTI Continuation



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