

Market Commentary

Recap: Oil futures fell for the second straight day on Tuesday, as traders await the U.S. inventory numbers from both the API and the EIA. On average, analysts expect U.S. crude oil inventories to rise by 2.7 million barrels for the week ending March 5. Last week, we saw a whopping 21.6 million barrel jump, as barrels were held up by the deep freeze that stretched across Texas. Tuesday's drop in prices follows Monday's rise, in which oil futures hit their highest level since the onset of the coronavirus pandemic. April WTI settled at \$64.01 a barrel, down \$1.04, or 1.6%, while May Brent slipped 72 cents, or 1.06%, to settle at \$67.52 a barrel. Petroleum products were mixed, with April RBOB adding almost 0.1%, to settle at 2.0502 a gallon, while April heating oil settled at \$1.9073 a gallon, down nearly 0.1%.

Market Outlook: Production cut rollovers by OPEC and its allies were not enough to support higher oil prices, nor could weakness in the dollar lend support. This was not the catalyst traders were hoping for, so we saw some profit taking to the downside. That being said, we would expect to see buyers coming in on dips, as OPEC meets again next month and as refineries in the Gulf Coast ramp up after the deep freeze in Texas. The only thing standing in the way right now is demand, which is expected to pick up due to the recent U.S. stimulus package and the vaccine program, only time will tell. In the meantime, and as we have mentioned previously, this market will most likely trend sideways until we get definitive news out of the aforementioned. Support is set at the 10-day moving average, currently set at \$62.87, and below that at \$60.95. To the upside \$65 and \$66.83 will provide resistance.

Fundamental News: The EIA reported in its Short-Term Energy Outlook that it cut its 2021 world oil demand growth forecast by 60,000 bpd to 5.32 million bpd. It also raised its demand growth estimate for 2022 by 330,000 bpd to 3.83 million bpd. It reported that demand in 2021 will increase to 97.5 million bpd and to 101.33 million bpd in 2022. The EIA reported that total supply is expected to increase by 2.9 million bpd to 97.1 million bpd in 2021 and by 4.1 million bpd to 101.2 million bpd in 2022. OPEC's oil production is expected to increase by 1.35 million bpd to 31.92 million bpd in 2021 and by 1.34 million bpd to 33.26 million bpd in 2022. The EIA reported that total U.S. demand in 2021 is expected to increase by 1.41 million bpd to 19.53 million bpd and by 1 million bpd to 20.53 million bpd in 2022. U.S. gasoline demand in 2021 is expected to increase 570,000 bpd to 8.6 million bpd and by 290,000 bpd to 8.89 million bpd in 2022, while distillate demand in 2021 is expected to increase by 280,000 bpd to 4.06 million bpd and by 100,000 bpd to 4.16 million bpd in 2022. U.S. oil production is forecast to fall by 160,000 bpd to 11.15 million bpd in 2021 but increase by 870,000 bpd to 12.02 million bpd in 2022.

Russia's oil and gas condensate production during the period of March 1st-8th increased to 10.17 million bpd from an average of 10.09 million bpd in February.

Chevron Corp plans to increase its investments in the Permian Basin through 2025, reversing the pandemic-driven production decline. It restored its 1 million barrel Permian target a year after it was cut from the company's guidance as COVID-19 impacted the energy markets. Chevron expects its Permian wells to generate \$3 billion in free cash flow by the middle of the decade, assuming international crude prices average \$50/barrel. It is seeking to lower its carbon intensity by 35% by 2028 and eliminate routing flaring by 2030.

Libya's National Oil Corp said it would increase its oil production and vowed to remain politically neutral as a unity government seeks to stabilize the country. The company said the aim is to raise daily output to 1.45 million barrels by the end of 2021 to 1.6 million barrels within two years and to 2.1 million barrels within four years.

Early Market Call - as of 8:30 AM EDT

WTI - Apr \$64.70, up 67 cents
 RBOB - Apr \$2.0568, up 54 points
 HO - Apr \$1.9159, up 86 points

All NYMEX | Prior Settlements

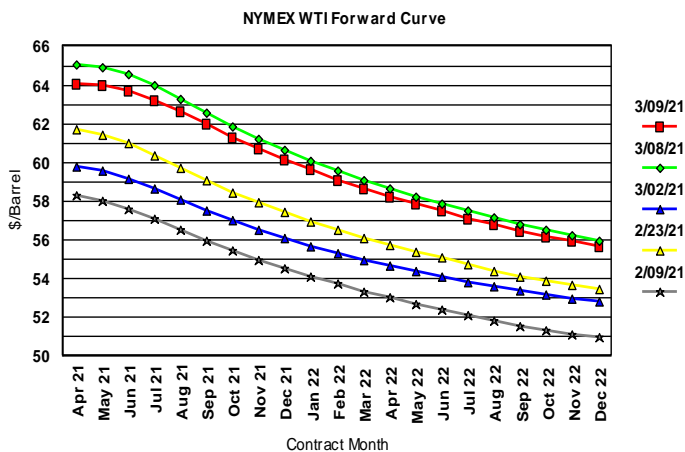
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-21	\$1.9073	-\$0.0012	-\$0.0992
Apr-21	\$1.9059	-\$0.0032	-\$0.1044
May-21	\$1.9041	-\$0.0048	-\$0.1085
Jun-21	\$1.9027	-\$0.0057	-\$0.1107
Jul-21	\$1.9012	-\$0.0062	-\$0.1109
Aug-21	\$1.9007	-\$0.0061	-\$0.1096
Sep-21	\$1.9008	-\$0.0059	-\$0.1086
Oct-21	\$1.9008	-\$0.0059	-\$0.1076
Nov-21	\$1.8990	-\$0.0059	-\$0.1062
Dec-21	\$1.8990	-\$0.0054	-\$0.1053
Jan-22	\$1.8963	-\$0.0050	-\$0.1049
Feb-22	\$1.8881	-\$0.0044	-\$0.1048
Mar-22	\$1.8730	-\$0.0038	-\$0.1044
Apr-22	\$1.8635	-\$0.0033	-\$0.1033
May-22	\$1.8563	-\$0.0024	-\$0.1023
Jun-22	\$1.8553	-\$0.0018	-\$0.1010
Jul-22	\$1.8545	-\$0.0013	-\$0.0995

Sprague HeatCurve October 2021-April 2022			\$1.8949
		Close	Change
Crude - WTI	May Brent- WTI Spread \$3.53	\$63.9900	-\$0.9400
Crude - Brent		\$67.5200	-\$0.7200
Natural Gas		\$2.6620	-\$0.0020
Gasoline		\$2.0502	\$0.0015

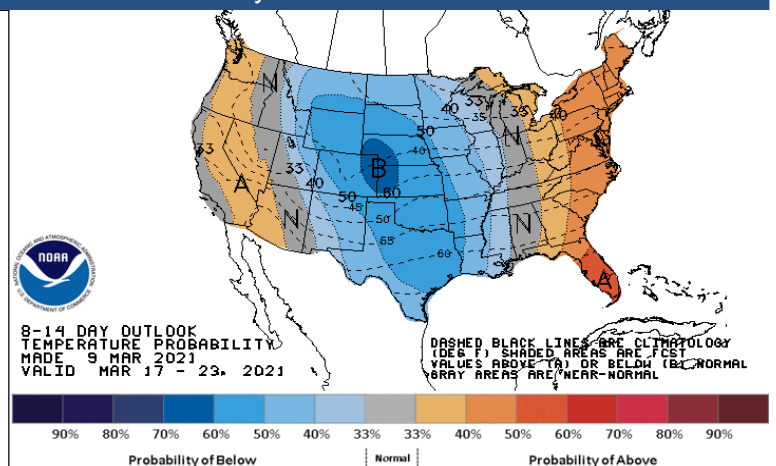
API Report for the Week Ending March 5, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 12.8 million barrels	Up 2.7 million barrels
Cushing, OK Crude Stocks	Up 300,000 barrels	
Gasoline Stocks	Down 8.5 million barrels	Down 4.8 million barrels
Distillate Stocks	Down 4.8 million barrels	Down 3.8 million barrels
Refinery Runs		Up 6%, at 62%
Crude Imports		

WTI Forward Curve



8-14 Day Weather Forecast



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