

Market Commentary

Recap: Oil futures fell more than 4% on Monday, with Brent crude falling below \$100 a barrel on plans to release record volumes of crude and oil products from strategic reserves and on continuing lockdowns in China due to coronavirus. The release of Strategic Petroleum Reserve volumes equals 1.3 million barrels per day over the next six months, enough to offset a shortfall of 1 million bpd of Russian oil supply. Also pressuring crude prices, the U.S. dollar was on track to strengthen for an eighth straight day against a basket of other currencies. A stronger dollar makes oil more expensive for holders of other currencies. May WTI fell \$3.97 a barrel or 4.04% to \$94.29, the lowest settlement since February 25. June Brent lost \$4.30, or 4.18% to settle at \$98.48 a barrel. May heating oil lost 4.99 cents, or 1.50%, to settle at \$3.2677 a gallon, while RBOB for May delivery slipped 12.85 cents, or 4.10%, to settle at \$3.0031 per gallon.

Technical Analysis: Oil futures opened slightly higher on Monday, with WTI coming up to test the 50-day moving average and for third time failed to trade above it. That being said, we believe that the momentum of the market has switched to the downside. The 10-day moving average is moving closer to the 50-day average and should it cross below it, this market will succumb to additional pressure. At this point, we would look for a run at \$90, with support below resting at \$89. On the upside, this market needs to recapture the 50-day moving average in order to turn the near-term trend bullish.

Fundamental News: UBS cut its June oil price forecast by \$10/barrel and raised its December and March forecasts by \$10/barrel to \$115/barrel. It said the release of strategic oil reserves will not fix the oil market's structural imbalance from years of underinvestment at a time of recovering global demand. UBS expects a wider WTI discount versus Brent up from \$3/barrel to \$4/barrel for June and September to help the US export a part of the strategic oil reserve releases.

BOFA Global Research maintained its \$102/barrel average Brent crude price forecast for 2022-23 but cut its summer spike price for Brent to \$120/barrel. It said the oil market is set to remain in turmoil into the summer. It also stated that the strategic oil releases should reduce the risk of an oil spike to \$150/barrel by mid-year, thus adjusting its target for the end of the second quarter to \$120/barrel.

OPEC told the European Union that current and future sanctions on Russia could create one of the worst ever oil supply shocks and it would be impossible to replace those volumes. OPEC Secretary General Mohammad Barkindo made the remarks in a meeting on Monday with EU officials.

The Foreign Ministers of Ireland, Lithuania and the Netherlands said the European Union's executive is drafting proposals for an EU oil embargo on Russia, although there is still no agreement to ban Russian crude.

IIR Energy reported that U.S. oil refiners are expected to shut in 912,000 bpd of capacity in the week ending April 15th, cutting available refining capacity by 8,000 bpd. Offline capacity is expected to fall to 889,000 bpd in the week ending April 22nd.

Early Market Call - as of 8:30 AM EDT

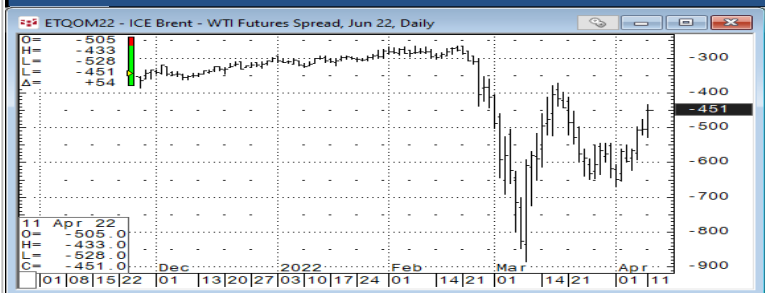
WTI - May \$97.92, up \$3.65
 RBOB - May \$3.07.68, up 7.28 cents
 HO - May \$3.4029, up 13.41 cents

All NYMEX | Prior Settlements

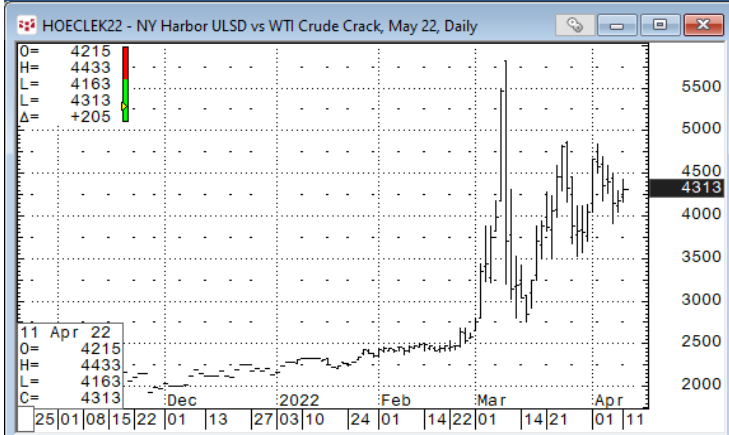
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-22	3.2677	-0.0499	-0.2784
May-22	3.142	-0.0565	-0.1845
Jun-22	3.0756	-0.0611	-0.1312
Jul-22	3.0332	-0.0635	-0.1091
Aug-22	3.0093	-0.0624	-0.1330
Sep-22	2.9911	-0.0592	-0.0825
Oct-22	2.9715	-0.0549	-0.0734
Nov-22	2.9516	-0.0498	-0.0650
Dec-22	2.9342	-0.0464	-0.0570
Jan-23	2.9121	-0.0445	-0.0510
Feb-23	2.8855	-0.0419	-0.0458
Mar-23	2.8516	-0.0411	-0.0466
Apr-23	2.8216	-0.0403	-0.0487
May-23	2.795	-0.0407	-0.0497
Jun-23	2.7783	-0.0407	-0.0505
Jul-23	2.7634	-0.0404	-0.0534
Aug-23	2.7519	-0.0397	-0.0544

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	May Brent-	\$93.9200	-\$3.8100
Crude - Brent	WTI Spread	\$98.4800	-\$4.3000
Natural Gas	\$4.56	\$6.6430	\$0.3650
Gasoline		\$3.0031	-\$0.1285

ICE May Brent-WTI Spread



May Heating Oil Crack Spread



May RBOB Crack Spread

