

## Market Commentary

**Recap:** Oil prices rallied on Thursday after reports that Germany is no longer opposed to an embargo on Russian oil, which could further tighten supplies in the already stressed global crude market. Germany is heavily reliant on Russian energy imports and had previously opposed a full ban. As a result of Germany's move, oil from the free world is expected to get even more expensive. Traders were reacting to media reports of comments on Tuesday from Germany's Economy Minister Robert Habeck, who said the EU's largest economy could cope with an EU embargo on Russian oil imports and Germany hoped to find ways to replace Russian oil with other supply. Russian oil production could fall by as much as 17% in 2022, according to an economy ministry document seen by Reuters. June WTI closed up \$3.34 per barrel, or 3.27% to \$105.36, while Brent for June delivery gained \$2.27 per barrel, or 2.16% to settle at \$107.59. RBOB for May delivery gained 4.74 cents per gallon, or 1.37% to \$3.5034. May heating oil gained 46.11 cents per gallon, or 9.86% to \$5.1354

**Technical Analysis:** Based upon a weekly spot continuation chart, and the upper line on the symmetrical triangle that can be drawn on this chart, resistance is set at \$105.97. On the past two occasions, and using the aforementioned chart, when this market rebounded, it achieved a lower high, followed by a lower low, while failing to break out of the triangle. With Thursday being the first time this market has broken above resistance set by a trend line drawn off of the March high of \$130.50, one could expect this market to go higher, with the \$110 level in sight. Support sits at \$102.79 and below that at \$100.70, the 10 and 50-day moving average respectively.

**Fundamental News:** Democrats in Congress said they will propose legislation that allows federal and state agencies to "go after" oil companies on wholesale and retail sales practices. U.S. House Speaker, Nancy Pelosi, said big oil companies have profited from the Ukrainian war and by hoarding supplies. Meanwhile, Senate Majority Leader, Charles Schumer, said passing legislations to fight higher gas prices is a top priority for democrats. He said the U.S. needs tough legislation oversight of big oil on prices.

A U.S. Senate panel will consider a bill sponsored by Republican Chuck Grassley and Democrat Amy Klobuchar and others to open the OPEC group and countries working with it to lawsuits for collusion on increasing petroleum prices. The NOPEC bill gives the option to the U.S. Attorney General to sue oil-producing countries, such as those in OPEC, under anti-trust laws. A similar version passed the U.S. House Judiciary Committee last year.

Significant damage from severe weather over the past week has temporarily shut in about 80% of North Dakota's 1.1 million bpd of oil production and it will take days to restore that output. Katie Haarsager, spokesperson for the North Dakota Oil and Gas Division, said the unusual cold blocked roads with snow, caused heavy ice accumulation and resulted in power outages. The weather has kept oil companies from accessing production facilities while they also deal with damage to electrical infrastructure. Ron Ness, president of the North Dakota Petroleum Council, said "This week will be rough on production, but we are hopeful each day more areas come back online and maybe by the weekend most will be restored."

Several OPEC sources stated that OPEC+ is likely to stick to its existing deal and agree another 432,000 bpd oil output increase for June when it meets on May 5<sup>th</sup>. OPEC+ produced 1.45 million bpd below its production targets in March, as Russian output began to decline.

**Early Market Call - as of 9:51 AM EDT**

WTI - June \$106.33 Up 0.97  
 RBOB - May \$3.4797 Up 0.0038  
 HO - May \$4.0624 Up 0.0540

## All NYMEX | Prior Settlements

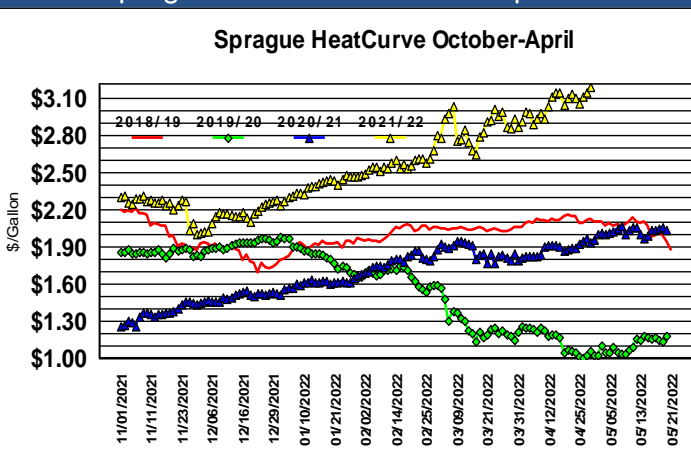
| Month  | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
|        | Close     | Change       | One Week  |
| May-22 | 5.1354    | 0.4611       | 1.2346    |
| Jun-22 | 4.0084    | 0.0693       | 0.3817    |
| Jul-22 | 3.7139    | 0.0734       | 0.2346    |
| Aug-22 | 3.5381    | 0.0714       | 0.1580    |
| Sep-22 | 3.4479    | 0.0640       | 0.0678    |
| Oct-22 | 3.3733    | 0.0587       | 0.1059    |
| Nov-22 | 3.3010    | 0.0525       | 0.0870    |
| Dec-22 | 3.2319    | 0.0461       | 0.0668    |
| Jan-23 | 3.1814    | 0.0380       | 0.0507    |
| Feb-23 | 3.1340    | 0.0304       | 0.0354    |
| Mar-23 | 3.0833    | 0.0245       | 0.0228    |
| Apr-23 | 3.0322    | 0.0206       | 0.0161    |
| May-23 | 2.9878    | 0.0172       | 0.0079    |
| Jun-23 | 2.9502    | 0.0153       | 0.0030    |
| Jul-23 | 2.9236    | 0.0142       | 0.0006    |
| Aug-23 | 2.9030    | 0.0134       | 0.0010    |
| Sep-23 | 2.8860    | 0.0116       | 0.0000    |

| Sprague HeatCurve October 2022-April 2023 |             | Close      | Change    |
|---|-------------|------------|-----------|
| Crude - WTI                               | June Brent- | \$105.3600 | \$3.3400  |
| Crude - Brent                             | WTI Spread  | \$107.5900 | \$2.2700  |
| Natural Gas                               | \$2.23      | \$6.8880   | -\$0.4510 |
| Gasoline                                  |             | \$3.5034   | \$0.0474  |

## EIA Working Gas Storage Report

|               | 22-Apr-22 | 15-Apr-22 | Change | 22-Apr-21 |
|---------------|-----------|-----------|--------|-----------|
| East          | 238       | 238       | 0      | 320       |
| Midwest       | 309       | 304       | 5      | 426       |
| Mountain      | 90        | 89        | 1      | 119       |
| Pacific       | 171       | 169       | 2      | 216       |
| South Central | 681       | 650       | 31     | 815       |
| Salt          | 215       | 201       | 14     | 258       |
| Nonsalt       | 467       | 449       | 18     | 557       |
| Total         | 1,490     | 1,450     | 40     | 1,896     |

## Sprague HeatCurve October-April



## ICE June Brent-WTI Spread

