

## Market Commentary

**Recap:** Oil futures reversed early losses, showing signs of underlying strength, as they rose to an almost two-week high. Oil prices traded lower on what appeared to be profit-taking, pushing May WTI to a session low of 102.12. Prices quickly reversed amid unconfirmed reports that the EU may be moving toward a broader ban on Russian oil imports. That would add to the U.S. ban and other measures that have kept some Russian oil off of the global market. After reaching a session high of \$107.64, May WTI trimmed gains to settle at 106.95, up \$2.70, or 2.59%, a weekly gain of \$8.69, or 8.84%. June Brent settled at \$111.70 a barrel, up \$2.02, or .68%, up \$8.92, or 8.68% for the week. May RBOB tacked on 9.01 cents, or 2.75%, to end the week at .3814 a gallon, up 24.98 cents, or 7.98% on the week. Heating oil for May delivery settled at \$3.8548 per gallon, up 13.64 cents, or 3.67%, for a weekly gain of 53.72 cents, or 16.19%.

**Technical Analysis:** It is almost two-years since the April 20, 2020 plunge in oil prices, when WTI fell into negative territory, with its front month contract settling at -\$37.63 a barrel, down 306% for the session. That marked the lowest futures finish and biggest one-day price plunge on record. After the plunge, prices steadily climbed and so far this year have reached a high of \$130.50 on March 7, 2022, the highest level since July 2008, and an almost 447% rebound from negative territory. The drastic drop in prices and the rise to 14-year highs is largely due to the economic fallout of the coronavirus pandemic. With the world potentially on the precipice of a global war, due to Russia's invasion of Ukraine, there is a deficit in crude oil supplies, as Western nations have limited their purchases of Russian oil. This paints a very muddled picture for the price of crude oil, as producers are also concerned about getting stuck with too much supply should the coronavirus impact demand down the road. Due to the aforementioned, most analysts expect prices to hover above the \$100 level, with the market unlikely to get much help from producers.

**Fundamental News:** Exports of gasoline from Northwest Europe to the United States were estimated around 296,000 tons this week, more than twice the volume in the previous week. Meanwhile, at least three cargoes of gasoline were provisionally booked on Thursday to load around mid-April out of Baltic ports and ARA to West Africa. One gasoline cargo was also booked with an option to go on a transatlantic route.

New York Attorney General Letitia James has launched an investigation to determine whether the oil industry has engaged in gas price gouging. According to CNN, the probe will focus not only on major companies that supply oil to the state but also refineries that turn crude into gasoline and independent operators of pipelines and terminals. Last week, oil executives defended themselves in the U.S. Congress from charges by lawmakers that they were gouging Americans with high fuel prices, saying they were increasing energy output and no one company sets the price of gasoline.

According to industry experts, U.S. oil production forecasts are being revised upwards despite labor and supply chain constraints as higher prices spur more drilling and well completion activity. Consultancy East Daley Capital said U.S. output will end the year up 1.29 million bpd at 12.86 million bpd. Its latest forecast increase is about 300,000 bpd, or 23%, higher than in its December outlook. Most of the projected annual rise or 1.13 million bpd comes from the Permian Basin. There were 332 oil rigs drilling there last week, the most since April 2020.

U.S. energy firms added oil and natural gas rigs for a fourth consecutive week. Baker Hughes reported that the oil and gas rig count increased by 4 to 693 in the week ending April 14<sup>th</sup>, its highest since March 2020. It reported that U.S. oil rigs increased by 2 to 548 this week, the highest since April 2020, while gas rigs increased by 2 to 143, the highest level since October 2019.

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

WTI - May \$107.16, up 21 cents  
 RBOB - May \$3.3753, down 81 points  
 HO - May \$3.8231, down 2.94 cents

## All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-22	3.8548	0.1364	0.5870
May-22	3.6442	0.1165	0.5014
Jun-22	3.5024	0.0951	0.4220
Jul-22	3.3958	0.0793	0.3585
Aug-22	3.3257	0.0654	0.2884
Sep-22	3.2708	0.0526	0.2747
Oct-22	3.2181	0.0403	0.2412
Nov-22	3.172	0.0318	0.2160
Dec-22	3.1384	0.0266	0.2003
Jan-23	3.1061	0.0233	0.1895
Feb-23	3.0675	0.0204	0.1777
Mar-23	3.0241	0.0162	0.1688
Apr-23	2.985	0.0133	0.1603
May-23	2.9498	0.0109	0.1494
Jun-23	2.9246	0.01	0.1391
Jul-23	2.9021	0.0077	0.1298
Aug-23	2.8841	0.0051	0.1203

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	May Brent-WTI Spread \$5.32	\$106.3800	\$2.5900
Crude - Brent		\$111.7000	\$2.9200
Natural Gas		\$7.3000	\$0.3030
Gasoline		\$3.3814	\$0.0901

### EIA Working Gas Storage Report

	08-Apr-22	01-Apr-22	Change	08-Apr-21
East	229	241	-12	310
Midwest	293	296	-3	412
Mountain	90	91	-1	118
Pacific	169	165	4	204
South Central	617	589	28	794
Salt	186	173	13	249
Nonsalt	431	416	15	545
Total	1,397	1,382	15	1,836

## WTI Forward Curve

## ICE May Brent-WTI Spread

