

Market Commentary

Recap: Trading in oil futures was volatile on Wednesday, as traders reacted to a surprising increase in U.S. inventories and hopes for progressive peace talks between Ukraine and Russia. Three million barrels per day of Russian oil output is at risk beginning in April as sanctions hit and buyers shun the nation's exports, the International Energy Agency said Wednesday. For the time being, energy supplies continue to exchange hands due in part to deals that were struck before Russia launched an invasion in Ukraine. The oil market has been on a roller-coaster ride for more than two-weeks, trading in wide ranges of several dollars a day since the invasion. April WTI ended down \$1.40, or 1.5%, at \$95.04 a barrel, while May Brent slipped \$1.89, or 1.9%, to \$98.02 a barrel.

Technical Analysis: Weakening demand due to the spread of the Omicron variant of coronavirus and the potential progress in Ukraine-Russia talks continue to put pressure on oil prices. The recent correction in crude oil, happening just seven days after reaching its 14-year high, might show some signs that the conflict in Ukraine will slow down consumption. On the other hand, if Iranian and Venezuelan barrels flooded the market, we could see crude oil, petroleum products, and distillates turning into new bear markets. Oil prices fell for the third straight session, with front month WTI testing the 50-day moving average for the second day in a row. Should WTI recapture the \$100 level, we would expect to see fresh buying enter this market. A sustained break below the 50-day moving average will prompt sellers into action, with this market looking toward \$85.

Fundamental News: The EIA expects crude oil prices at over \$100/barrel in the coming months. It forecast the price of WTI to average \$113/barrel in March and \$112/barrel for the second quarter of this year. It expects U.S. gasoline prices to average about \$4.10/gallon during the second quarter of this year and then fall through the rest of the year. It expects gasoline prices to average \$4.00/gallon in March and \$4.12/gallon in May.

The International Energy Agency said 3 million bpd of Russian oil and products may not find their way to market beginning in April in the wake of its invasion of Ukraine, amid sanctions imposed on Russia. It said "We see a reduction in total exports of 2.5 million bpd, of which crude accounts for 1.5 million bpd and products 1 million bpd." Additionally, it projected lower Russian domestic demand for oil products. The IEA lowered its forecast for world oil demand for the second to fourth quarters of 2022 by 1.3 million bpd noting rising commodity prices and sanctions on Russia "are expected to appreciably depress global economic growth" and impact inflation. For the full year it cut its growth forecast by 950,000 bpd to 2.1 million bpd for an average of 99.7 million bpd. That would mean a third year of demand below pre-pandemic levels.

New talk of compromise from both Russia and Ukraine on a status for Ukraine outside of NATO lifted hope for a potential breakthrough after three weeks of war. Ukraine's President, Volodymyr Zelenskyy, said negotiations were becoming "more realistic", while Russian Foreign Minister, Sergei Lavrov, said there was "some hope for compromise." Russia's President, Vladimir Putin, said that Russia was ready to discuss Ukraine's neutral status in talks aimed at ending hostilities there but that Russia would still achieve its goals of its military operation. The Kremlin said the sides were discussing status for Ukraine similar to that of Austria or Sweden, both members of the European Union that are outside the NATO military alliance. A Kremlin spokesman said it was too early to disclose any set of potential agreements on resolving the conflict. Ukraine's chief negotiator said it would give Kyiv binding international security guarantees to prevent future attacks. A Ukrainian negotiator, Mykhailo Podolyak, said a "model" of legally binding security guarantees that would offer Ukraine protection from a group of allies in the event of a future attack is "on the negotiating table" at talks between Kyiv and Moscow.

Early Market Call - as of 8:50 AM EDT

WTI - Apr \$101.48, up \$6.41

ROBO - Apr \$3.1630, up 17.70 cents

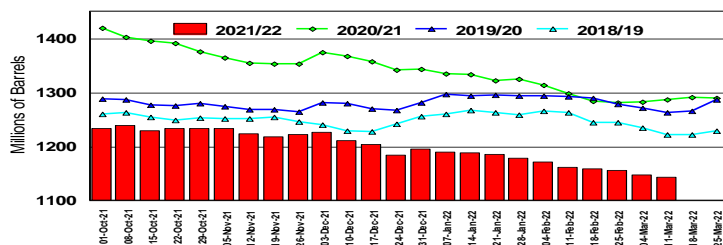
HO - Apr \$3.4250, up 32.4 cents

All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-22	3.1001	0.0704	-0.3642
May-22	2.971	0.0252	-0.3634
Jun-22	2.8872	-0.003	-0.3325
Jul-22	2.8288	-0.0211	-0.2968
Aug-22	2.7805	-0.0323	-0.2700
Sep-22	2.7453	-0.0366	-0.3052
Oct-22	2.7191	-0.0367	-0.1873
Nov-22	2.6926	-0.0379	-0.1470
Dec-22	2.666	-0.0396	-0.1190
Jan-23	2.6443	-0.0396	-0.1027
Feb-23	2.6234	-0.0384	-0.0968
Mar-23	2.5993	-0.0362	-0.0892
Apr-23	2.5709	-0.0351	-0.0792
May-23	2.5491	-0.0343	-0.0693
Jun-23	2.535	-0.0321	-0.0601
Jul-23	2.5266	-0.0319	-0.0535
Aug-23	2.5186	-0.0319	-0.0473

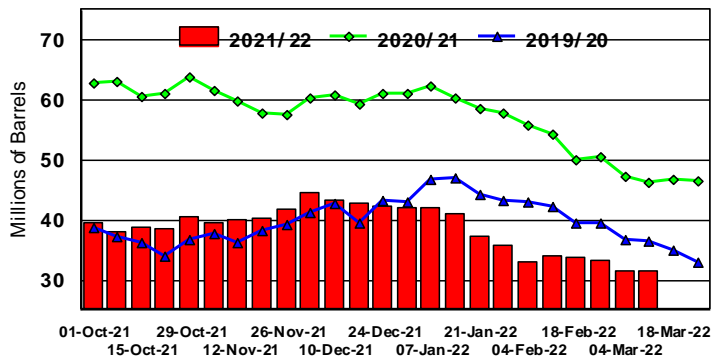
Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	May Brent- WTI Spread \$4.43	\$93.5900	-\$1.2000
Crude - Brent		\$98.0200	-\$1.8900
Natural Gas		\$4.7480	\$0.1800
Gasoline		\$2.9875	-\$0.0106

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending March 11, 2022

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 6.4 million barrels
 Cushing, OK Crude Stocks Down 585,000 barrels
Gasoline Stocks Down 3.6 million barrels
Distillate Stocks Up 0.3 million barrels
Refinery % Operated 90.4%, Up 1.1%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Mar 11, 2022	Week Ending Mar 4, 2022	Week Ending Mar 12, 2021
New England	5.7	5.5	9.8
Central Atlantic	14.9	15.0	24.3
Total PADD #1	31.5	31.5	137.7
Distillate Imports (thousands b/d)	222	274	405