

## Market Commentary

**Recap:** The oil market posted an outside trading day on Tuesday as the market continued to trade higher following five days of gains before it gave up all of Monday's gains and more as China issued weak data and comments from U.S. Federal Reserve Chair Jerome Powell stoked rate hike fears. The oil market breached its previous high and posted a high of \$80.94 in overnight trading. However, the crude market erased some of its gains on data showing a contraction in China's exports and imports in January and February, including crude oil imports despite a lifting of its COVID-19 restrictions. The market sold off further and breached its previous low following the Fed Chair's prepared remarks on rates. He said the Fed would likely need to increase rates more than expected in light of recent strong economic data. The oil market retraced more than 50% of its move from a low of \$73.80 to a high of \$80.90 as it sold off to a low of \$77.06 ahead of the close. The April WTI contract settled down \$2.88 cents at \$77.58 and the May Brent contract settled down \$2.89 at \$83.29. The product markets ended the session in negative territory as well, with the heating oil market settling down 8.91 cents at \$2.7975 and the RB market settling down 9.58 cents at \$2.7007.

**Market Analysis:** The oil market is seen retracing its sharp selloff ahead of the release of the weekly petroleum stock reports, which are expected to show draws across the board. The market will also retrace some of its losses as the market awaits the release of the February payroll report on Friday followed by the February inflation report next week, which will dictate future U.S. rate hikes after the Fed Chair stated the possibility of faster rate increases during his testimony to Congress. The market is seen finding support at its low of \$77.06, \$76.53, its 62% retracement level, and \$75.83. Further support is seen at \$75.55, \$75.22, \$74.99, \$74.09 and \$73.83-\$73.80. Resistance is seen at \$78.15, \$78.89, \$80.24 and its high of \$80.94. More distant resistance is seen at \$82.48 and \$82.64.

**Fundamental News:** In its Short Term Energy Outlook, the EIA raised its 2023 world oil demand growth forecast by 370,000 bpd to 1.48 million bpd and left its oil demand growth for 2024 unchanged at 1.79 million bpd. Total world oil demand is estimated increase to 100.9 million bpd in 2023 and to 102.69 million bpd in 2024. Total world petroleum output is expected to increase by 1.61 million bpd to 101.47 million bpd in 2023 and increase by 1.55 million bpd to 103.02 million bpd in 2024. OPEC output is forecast to fall by 120,000 bpd to 34.05 million bpd in 2023 but increase by 700,000 bpd to 34.75 million bpd in 2024. The EIA also reported that U.S. crude oil demand is expected to increase by 100,000 bpd to 20.4 million bpd in 2023, compared with a flat forecast in the previous month. U.S. demand is expected to increase by 400,000 bpd to 20.8 million bpd in 2024, compared with a previous forecast of an increase of 300,000 bpd last month. U.S. gasoline demand in 2023 is expected to increase by 120,000 bpd to 8.9 million bpd and demand in 2024 is forecast to increase by 30,000 bpd on the year to 8.93 million bpd. U.S. distillate demand in 2023 is forecast to fall by 50,000 bpd to 3.91 million bpd but increase by 50,000 bpd on the year to 3.96 million bpd in 2024. The EIA also reported that U.S. crude oil production is forecast to increase by 560,000 bpd to 12.44 million bpd in 2023 and by 190,000 bpd to 12.63 million bpd in 2024.

Saudi Arabia's Foreign Minister, Prince Faisal bin Farhan Al Saud, said decisions on oil output taken by OPEC+ countries reflect consensus in the group following reports of differences among members.

The Kremlin said that it did not recognize the price cap introduced by Western countries on its oil exports, after the United States said that the cap was "working well".

The President of Oxy Energy Services at Occidental Petroleum Corp said U.S. oil production will increase by about 500,000 bpd this year, with 80% to 90% of that coming from the Permian Basin.

**Early Market Call - as of 8:30 AM EDT**

WTI - April \$77.18, down 40 cents  
 RBOB - April \$2.6825, down 1.82 cents  
 HO - April \$2.7884, down 91 points

## All NYMEX | Prior Settlements

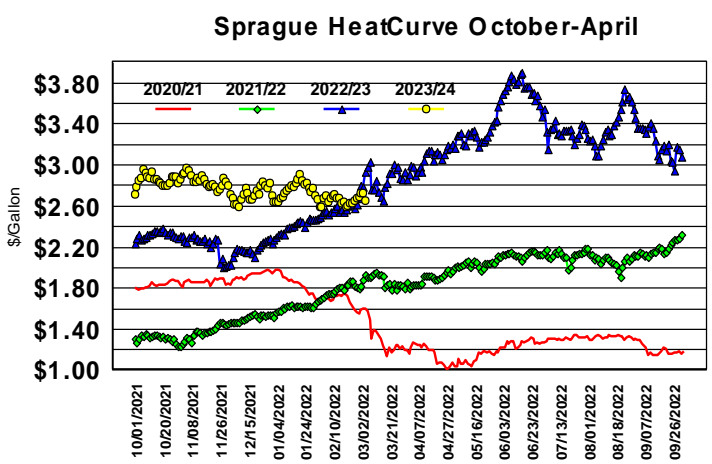
| Month  | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
|        | Close     | Change       | One Week  |
| Mar-23 | 2.7975    | -0.0891      | -0.0081   |
| Apr-23 | 2.7518    | -0.0872      | -0.0024   |
| May-23 | 2.7105    | -0.0831      | -0.0021   |
| Jun-23 | 2.6924    | -0.0806      | -0.0002   |
| Jul-23 | 2.6850    | -0.0786      | 0.0028    |
| Aug-23 | 2.6836    | -0.0766      | 0.0045    |
| Sep-23 | 2.6813    | -0.0750      | 0.0063    |
| Oct-23 | 2.6757    | -0.0738      | 0.0074    |
| Nov-23 | 2.6658    | -0.0730      | 0.0077    |
| Dec-23 | 2.6581    | -0.0721      | 0.0078    |
| Jan-24 | 2.6469    | -0.0715      | 0.0074    |
| Feb-24 | 2.6292    | -0.0709      | 0.0075    |
| Mar-24 | 2.6052    | -0.0699      | 0.0093    |
| Apr-24 | 2.5917    | -0.0690      | 0.0105    |
| May-24 | 2.5800    | -0.0686      | 0.0120    |
| Jun-24 | 2.5706    | -0.0677      | 0.0133    |
| Jul-24 | 2.5611    | -0.0665      | 0.0141    |

| Sprague HeatCurve October 2023-April 2024 |   |           | \$2.6519  |
|---|---|-----------|-----------|
|   |   | Close     | Change    |
| Crude - WTI                               | <div style="background-color: #c00000; color: white; padding: 5px; display: inline-block;"> <b>May Brent-WTI Spread \$5.57</b> </div> | \$77.7200 | -\$2.8400 |
| Crude - Brent                             |   | \$83.2900 | -\$2.8900 |
| Natural Gas                               |   | \$2.6870  | \$0.1150  |
| Gasoline                                  |   | \$2.7007  | -\$0.0958 |

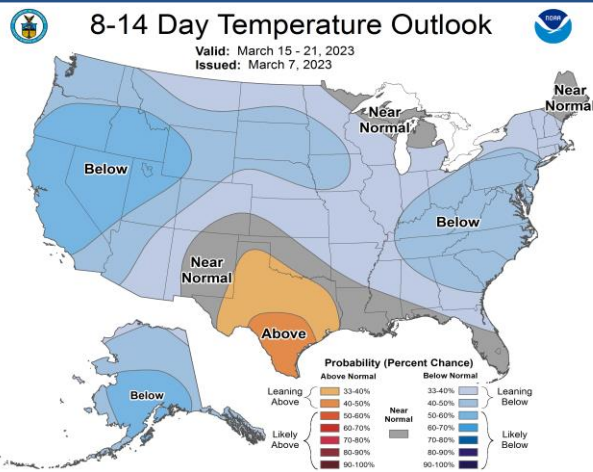
### API Report for the Week Ending March 3, 2023

|                            | Actual                   | Mkt Expectations         |
|----------------------------|--------------------------|--------------------------|
| Crude Oil Stocks(excl SPR) | Down 3.8 million barrels | Down 2.3 million barrels |
| Gasoline Stocks            | Up 1.8 million barrels   | Down 2 million barrels   |
| Distillate Stocks          | Up 1.9 million barrels   | Down 1.2 million barrels |
| Refinery Runs              |                          | Up 0.5% at 86.3%         |

## Sprague HeatCurve October-April



## 8-14 Day Weather Forecast



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