

Market Commentary

Recap: On Thursday, the oil market ended lower as a stronger U.S. dollar and a sell off in global stock markets offset the market's supply concerns. Early in the session, the crude market remained well supported after European Union laid out plans on Wednesday for new sanctions against Russia, including an embargo on crude in six months and the phasing out of Russian refined products by the end of 2022 as well as a ban on all shipping and insurance services for transporting Russian oil. Meanwhile, OPEC+ agreed to another increase in output of 432,000 bpd in June, in line with an existing plan to unwind cuts made in 2020, dismissing calls from western countries to increase their output further. The crude market rallied to a high of \$111.37, a level not seen since late March. However, the market later erased all of its gains as it sold to a low of \$106.45 by mid-day. The June WTI contract retraced some of its losses ahead of the close and settled up 45 cents or 0.42% at \$108.26. The July Brent contract settled up 76 cents or 0.69% at \$110.90. Meanwhile, the product markets ended mixed, with the heating oil market settling sharply lower, down 15.57 cents at \$4.0413 and the RB market settling up 64 points at \$3.6587.

Technical Analysis: Technically, the oil market is seen remaining supported as its stochastics are still trending higher. The market is seen retracing its losses and testing its previous highs ahead of the weekend. The oil market is seen finding resistance at its high of \$111.37, \$113.51 followed by more distant resistance at \$118.13, \$119.95 and \$121.17. Meanwhile, support is seen at its low of \$106.45, \$102.95, \$102.10 and \$100.28.

Fundamental News: The head of the IEA, Fatih Birol, said the two oil stock releases carried out so far amount to only 9% of overall stocks. He said a situation where a short-term scramble for alternative energy sources to Russia prolong the reliance on volatile fossil fuels had to be avoided. Last month, IEA member countries agreed to release 120 million barrels of crude and oil products from emergency stockpiles.

The Department of Energy said that U.S. will take bids this fall to buy back 60 million barrels of crude oil for the U.S. SPR, the first step in replenishing the reserve following a record sized release of 180 million barrels this spring. A source said that delivery of the first batch of the oil would likely start after the 2023 fiscal year, depending on market conditions.

The U.S. Senate Judiciary Committee passed a bill known as "NOPEC" that could open OPEC producers to U.S. lawsuits over price collusion. The bill would have to pass the full Senate and House and be signed by President Joe Biden to become law.

OPEC+ agreed on Thursday to another modest monthly oil output increase, arguing that the producer group could not be blamed for disruptions to Russian supply and saying China's coronavirus lockdowns threatened the outlook for demand. Ignoring calls from Western nations for accelerating output hikes, the group agreed to raise its June production target by 432,000 bpd, in line with an existing plan to unwind cuts made in 2020 when the COVID-19 pandemic impacted demand.

The European Union's Foreign Policy Chief, Josep Borrell, said European Union countries are "almost there" in agreeing on the bloc's proposed new package of sanctions against Russia, including an oil embargo.

Early Market Call - as of 8:10 AM EDT

WTI - June \$110.32, up \$2.05
 RBOB - June \$3.7100, up 5.1 cents
 HO - June \$4.0059, down 3.62 cents

All NYMEX | Prior Settlements

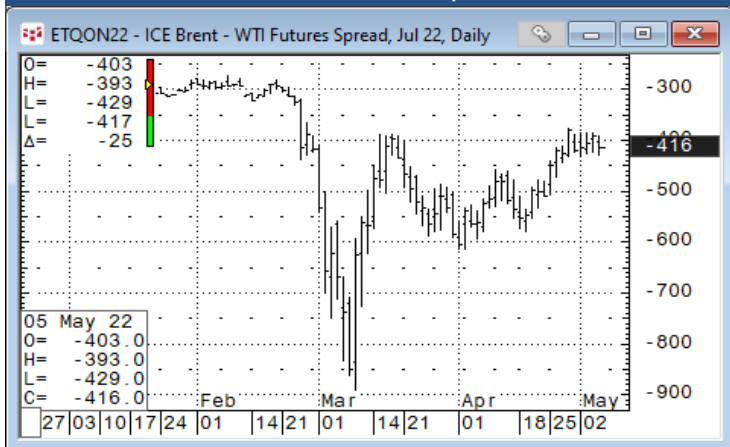
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-22	4.0413	-0.1557	0.0329
Jul-22	3.8204	-0.0618	0.1065
Aug-22	3.6755	-0.0239	0.1374
Sep-22	3.5867	-0.0125	0.0486
Oct-22	3.5094	-0.0056	0.1361
Nov-22	3.4311	-0.0005	0.1301
Dec-22	3.3543	0.0032	0.1224
Jan-23	3.2915	0.0039	0.1101
Feb-23	3.2270	0.0025	0.0930
Mar-23	3.1604	0.0023	0.0771
Apr-23	3.0935	0.0014	0.0613
May-23	3.0382	-0.0001	0.0504
Jun-23	2.9966	-0.0010	0.0464
Jul-23	2.9670	-0.0011	0.0434
Aug-23	2.9440	-0.0011	0.0410
Sep-23	2.9235	-0.0026	0.0375
Oct-23	2.9054	-0.0027	0.0351

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	June Brent-WTI Spread \$4.16	\$106.7400	\$0.5200
Crude - Brent		\$110.9000	\$0.7600
Natural Gas		\$8.7830	\$0.3680
Gasoline		\$3.6587	\$0.0064

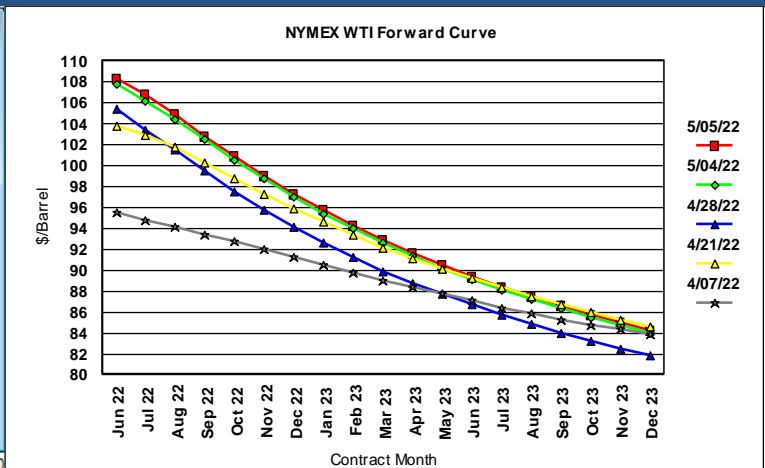
EIA Working Gas Storage Report

	29-Apr-22	22-Apr-22	Change	29-Apr-21
East	253	238	15	330
Midwest	324	309	15	440
Mountain	92	90	2	123
Pacific	176	171	5	223
South Central	721	681	40	833
Salt	233	215	18	263
Nonsalt	489	467	22	570
Total	1,567	1,490	77	1,949

ICE June Brent-WTI Spread



WTI Forward Curve



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