

Market Commentary

Recap: On Tuesday, the oil market posted an inside trading day as it failed to breach Monday's trading range. While the market traded sideways, it did trade higher for much of the day. The market was supported by OPEC's monthly report, which showed that OPEC increased its expectations for this year's demand recovery. OPEC raised its forecast for oil consumption by 190,000 bpd for 2021. However, the market's gains were limited by near-term demand concerns due to the resurgence of the virus. An increase in COVID-19 cases is leading to renewed restrictions in some countries and U.S. officials called for an immediate pause in the use of the Johnson & Johnson's single-dose vaccine due to blood clotting concerns. The crude market opened at its low of \$59.64 and traded gradually higher in overnight trading, posting a high of \$60.59 in early trading. The market traded settled in a sideways trading range ahead of the release of the APIs later in the afternoon and the release of the EIAs on Wednesday morning. The May WTI contract settled up 49 cents at \$60.24, while the June Brent contract settled up 39 cents at \$63.67. The product markets ended the session in positive territory, with the heating oil market settling up 65 points at \$1.8145 and the RBOB market settling up 57 points at \$1.9757.

Market Outlook: The crude market will await the release of the weekly petroleum stock reports for further direction as the market continues to trade within its recent trading range. The market is seen finding resistance at its highs of \$60.77, \$61.75, \$62.27 followed by more distant resistance at \$64.88. Meanwhile, support is seen at \$59.10, \$58.12, \$57.63 followed by \$57.25 and the \$55 level.

Fundamental News: OPEC raised its forecast for growth in world oil demand this year on hopes the pandemic will subside. In its monthly report, OPEC said demand will increase by 5.95 million bpd in 2021, or 6.6%, up 70,000 bpd from last month. It raised global oil demand to an average of 96.46 million bpd. The majority of 2021 oil consumption growth is expected to take place in the second and third quarter. It said summer 2021 gasoline demand is still not expected to surpass 2019 levels due to COVID-19 related challenges. Demand for OPEC's crude will average 26.85 million bpd in the second quarter and 28.33 million bpd in the third. OPEC raised its 2021 forecast for global demand for its crude by 200,000 bpd to 27.4 million bpd. OPEC said there have been sizeable drawdowns in global inventories since mid-2020 and these are expected to continue in coming months. OPEC raised its forecast of 2021 world economic growth to 5.4% from 5.1%, assuming the impact of the pandemic is "largely contained" by the beginning of the second half of the year. OPEC said its oil output increased by 200,000 in March to 25.04 million bpd, driven by Iran.

Analysts and executives said nearly half of all oil pipelines from the Permian basin are expected to be empty by the end of the year. Consultancy Wood Mackenzie said that by the fourth quarter, total utilization of the largest oil pipelines from the Permian is expected to fall to 57%. U.S. crude output is currently about 11 million bpd, and is not expected to grow much until 2022. However, according to energy research firm East Daley Capital, more pipelines were already set to come online, increasing the gap between production and capacity covered by long-term contracts to a record over 1 million bpd in February.

The Railroad Commission of Texas issued 798 original drilling permits in March, up from 744 in March 2020. It issued 682 permits to drill new oil and gas wells. There were also 13 permits issued to re-enter plugged well bores. In addition, 99 permits were approved for recompleting existing well bores. Total well completions processed year-to-date through March for new drills, re-entries and re-completions was 2,279. Through the first three months of 2020, well completions processed totaled 3,857.

Early Market Call - as of 8:05 AM EDT

WTI - May \$60.94 Up 0.76
 RBOB - May \$1.9782 Up 0.0025
 HO - May \$1.8418 Up 0.02

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-21	\$1.8145	\$0.0065	-\$0.0204
Jun-21	\$1.8171	\$0.0067	-\$0.0211
Jul-21	\$1.8203	\$0.0070	-\$0.0219
Aug-21	\$1.8242	\$0.0074	-\$0.0230
Sep-21	\$1.8291	\$0.0079	-\$0.0239
Oct-21	\$1.8333	\$0.0084	-\$0.0241
Nov-21	\$1.8366	\$0.0085	-\$0.0238
Dec-21	\$1.8379	\$0.0085	-\$0.0230
Jan-22	\$1.8407	\$0.0087	-\$0.0227
Feb-22	\$1.8404	\$0.0087	-\$0.0218
Mar-22	\$1.8358	\$0.0085	-\$0.0210
Apr-22	\$1.8265	\$0.0084	-\$0.0206
May-22	\$1.8220	\$0.0083	-\$0.0202
Jun-22	\$1.8198	\$0.0081	-\$0.0196
Jul-22	\$1.8230	\$0.0079	-\$0.0192
Aug-22	\$1.8258	\$0.0075	-\$0.0188
Sep-22	\$1.8291	\$0.0074	-\$0.0185

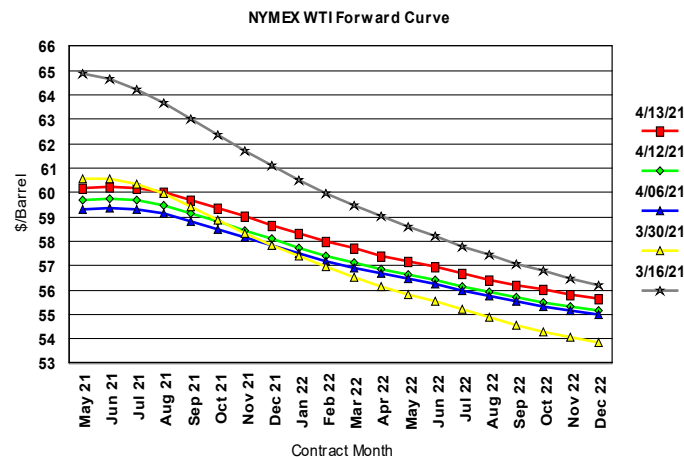
Sprague HeatCurve October 2021-April 2022 \$1.8371

		Close	Change
Crude - WTI	June Brent- WTI Spread \$3.43	\$60.2400	\$0.4900
Crude - Brent		\$63.6700	\$0.3900
Natural Gas		\$2.6190	\$0.0580
Gasoline		\$1.9757	\$0.0057

API Report for the Week Ending April 9, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 3.6 million barrels	Down 2.9 million barrels
Cushing, OK Crude Stocks	Up 900,000 barrels	
Gasoline Stocks	Up 5.6 million barrels	Up 800,000 barrels
Distillate Stocks	Down 3 million barrels	Up 1 million barrels
Refinery Runs		Up 0.4%
Crude Imports		

WTI Forward Curve



8-14 Day Weather Forecast

