



# MarketWatch | Refined Products

Tuesday, March 1, 2022

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil futures climbed after more sanctions were unleashed to isolate Russia, while the U.S. and its allies consider releasing about 60 million barrels of crude from emergency stockpiles to quell supply fears. Over the weekend, the U.S. and its allies excluded some Russian lenders from the SWIFT bank messaging system, potentially throwing energy trade into turmoil. The Russian central bank's foreign reserves were also targeted. In a signal about how far governments are willing to go to pressure the Kremlin, BP Plc moved to unload its holding in oil giant Rosneft PJSC by taking a financial hit of as much as \$25 billion. Russia is facing severe disruption to its exports of all commodities from oil to grains after Western nations imposed stiff sanctions on Moscow and cut off some Russian banks from the SWIFT international payment system. April Brent, which expired at the close of business Monday, settled up \$3.06, or 3.1%, to settle at \$100.00 a barrel after touching a high of \$105.07 in early trading. The May futures contract added \$3.14, to settle at \$97.26 a barrel. WTI for April delivery settled up \$4.13, or 4.5%, at \$95.72 a barrel. Petroleum products also gained, with March RBOB adding .0697 cents, to settle at \$2.7970 a gallon, while March heating oil tacked on .1639 cents to settle at \$3.0134 a gallon.

**Technical Analysis:** Oil futures kicked off the week by gapping higher on the open, as we have seen a lot of fear when it comes to oil due to the Russia/Ukraine issue. OPEC+ is set to meet this Wednesday, with little hope that their action will dissipate the feverish of energy markets. With a lot of uncertainty surrounding this market, we expect to see a lot of volatility, but believe we will see WTI push toward the \$100 mark. This market will encounter support between \$95.01 and \$93.36, with \$90 holding strong support. That being said, buying on dips still appears an attractive move.

**Fundamental News:** The U.S. and its allies are discussing a coordinated release of about 60 million barrels of oil from their emergency stockpiles after Russia's invasion of Ukraine pushed crude prices above \$100. The deliberations are currently focused on a release of 30 million barrels from the U.S. Strategic Petroleum Reserve and an equivalent amount from a group of other countries, according to three people familiar with the matter, who asked not to be identified discussing non-public deliberations. No decisions have been made and the discussions could continue for several more days, with the U.S. coordinating with other members of the International Energy Agency, the people said. The IEA will hold an extraordinary ministerial meeting on Tuesday, Executive Director Fatih Birol said on Twitter. Simson said she will attend the meeting, where the issue of a coordinated release will be on the agenda.

According to a report prepared by the Joint Technical Committee for OPEC+ ministers, it revised down its forecast for the 2022 oil market surplus by about 200,000 bpd to 1.1 million bpd. The data also shows stocks in the developed world standing at 62 million barrels below the 2015 to 2019 average by the end of the year. In a previous forecast it had predicted the stocks would reach 20 million barrels above the same average by that point. OPEC ministers and allies led by Russia, a grouping known as OPEC+, meet are scheduled to meet on March 2<sup>nd</sup> to decide whether to increase output by 400,000 bpd in April. Sources from the group said their output deal is showing no cracks so far after Russia's invasion of Ukraine, and the group is likely to stick to a planned output increase despite crude trading over \$100/barrel. According to a separate Joint Technical Committee report, the group produced 972,000 bpd less than the targets outlined by the deal in January, compared with 824,000 less in December.

According to the Wall Street Journal, OPEC+ is set to increase its output by 400,000 bpd as planned at its meeting on Wednesday.

Iran's Foreign Ministry spokesman, Saeed Khatibzadeh, said a jointly written agreement to revive the 2015 nuclear agreement between Iran and world powers is more than 98% complete. He said a few issues remain. If finalized, the level of Iranian uranium enrichment would return to the terms of the original 2015 deal.

### Early Market Call - as of 8:05 AM EDT

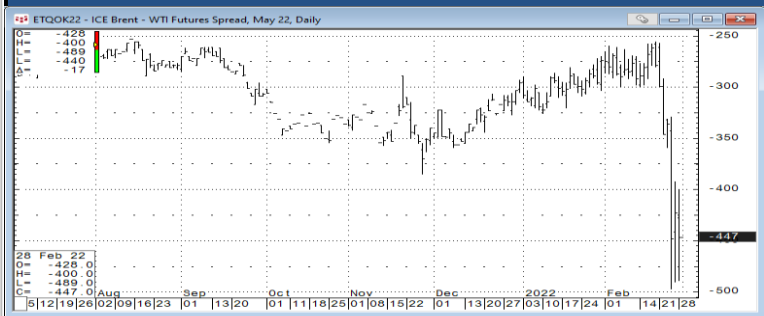
WTI - Apr \$100.39 Up \$4.67

RBOB - Apr \$3.0465 Up 0.1140

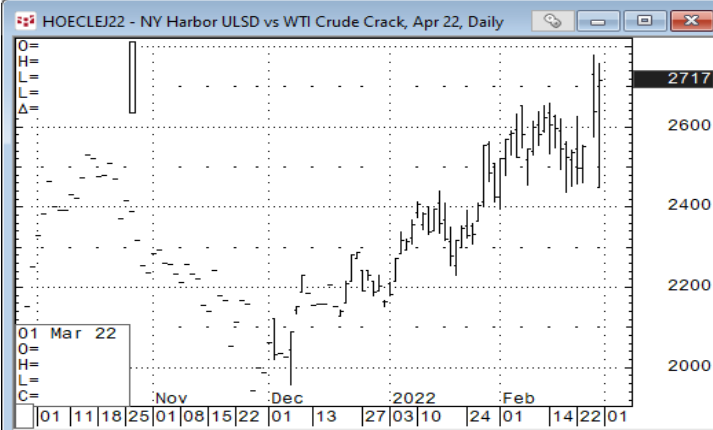
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-22	3.0134	0.1639	0.2319
Apr-22	2.9313	0.1255	0.1820
May-22	2.8466	0.1015	0.1483
Jun-22	2.7777	0.0784	0.1181
Jul-22	2.7293	0.0659	0.0990
Aug-22	2.6973	0.0573	0.0842
Sep-22	2.6831	0.0511	0.0700
Oct-22	2.6683	0.0460	0.0688
Nov-22	2.6510	0.0411	0.0621
Dec-22	2.6326	0.0367	0.0564
Jan-23	2.6140	0.0324	0.0510
Feb-23	2.5933	0.0291	0.0471
Mar-23	2.5703	0.0269	0.0433
Apr-23	2.5436	0.0254	0.0393
May-23	2.5217	0.0238	0.0357
Jun-23	2.5023	0.0193	0.0296
Jul-23	2.4928	0.0174	0.0285

Sprague HeatCurve October 2022-April 2023			\$2.6086
		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$5.27	\$95.7200	\$4.1300
Crude - Brent		\$100.9900	\$3.0600
Natural Gas		\$4.4020	-\$0.0680
Gasoline		\$2.7970	\$0.0699

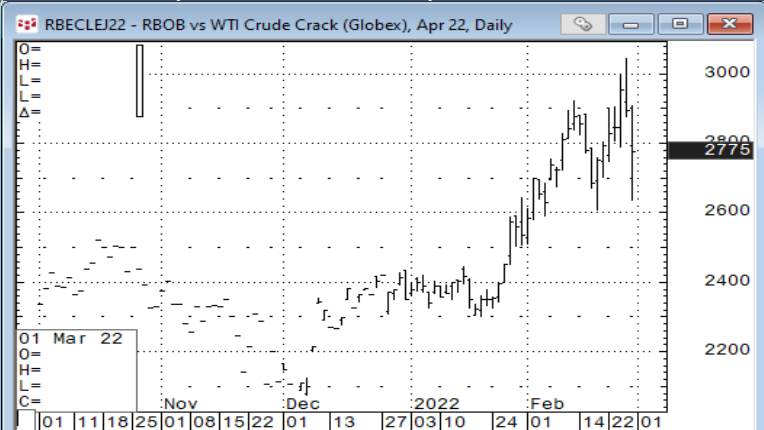
### ICE May Brent-WTI Spread



### April Heating Oil Crack Spread



### April RBOB Crack Spread



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