

## Market Commentary

**Recap:** Oil futures fell by almost 5% on Tuesday on rising demand concerns. The oil demand recovery in Europe, a region that accounts for about 15% of global consumption, looks set to take a fresh hit as the continent struggles to deal with another wave of coronavirus cases that could curb summer travel. May WTI fell more than \$4.00, during the trading session, slipping below \$58 a barrel, before paring losses to settle at \$57.76 a barrel, down \$3.80, or 6.2%. Brent for May delivery fell \$3.83, or 4%, to settle at \$60.79 a barrel. April RBOB lost 3.2% to \$1.8964 a gallon and April heating oil shed 24.4%, to settle at \$1.7489 a gallon.

**Market Outlook:** Tuesday's downward spiral put pressure on prompt spreads in both Brent and WTI. For the first time since January, the prompt Brent spread flipped into contango market conditions, as the forward curve came under significant pressure as outright prices fell more than \$2 a barrel. The prompt WTI spread, which had traded into backwardation also dipped into a slight contango market condition. From a technical standpoint, this market has broken down, as the May WTI contract settled below \$58.82, the 50-day moving average. This sets the market up for a run at \$55. Below \$55, additional support is set at \$53.45. Resistance is back at the 50-day moving average of \$58.82 and above that at \$60. The May21/Dec21 WTI spread that we have been following also came under pressure, with the spread trading as narrow as \$2.02.

**Fundamental News:** Barclays raised its oil price forecasts for this year by \$4/barrel, citing caution among top producers on increasing supply as demand gradually recovers from the pandemic-led decline. It expects to see a supply deficit in the near-term. The bank now sees the price of Brent crude oil at \$66/barrel and West Texas Intermediate crude at \$62/barrel in 2021 and at \$71 and \$68/barrel in 2022, respectively.

Goldman Sachs said the Brent-WTI spread has tightened to about \$3/barrel in the front and expects the spread to remain at \$3/barrel in 2022 even as Brent rallies to \$75/barrel in its forecasts. Its medium-term outlook for crude is bullish and sees backwardation as a likely outcome.

Energy Aspects reported that 150 million-200 million barrels of storage built up last year is now being released and hurting physical crude markets. It expects a rally in crude prices this summer and expects crude to increase to \$73/barrel by the end of the year.

Petro-Logistics reported that Iran's crude oil exports remain at elevated levels in March compared to last year, adding to signs of a recovery in the shipments. Iran's oil exports increased in January after a boost in the fourth quarter, despite U.S. sanctions. Petrologistics stated that while Iran's exports stood at less than 600,000 bpd for the first 18 days of March, they remain well below the January highs of almost 800,000 bpd.

OPEC sources have stated that no one from the Biden administration has reached out informally to OPEC to discuss the latest oil price rise, which was fueled by a decision in March by OPEC, Russia and others to stick broadly to existing production restrictions rather than to increase output. Traders and market sources say that when OPEC and its allies meet again on April 1<sup>st</sup>, the group can pursue policies to support prices with the knowledge that the White House will not comment to influence its decision.

US Gulf Coast shipments of middle distillates to Europe hit a record low of around 40,000 mt in March, down 81% on the month and 95% year on year, according to S&P Global Platts.

**Early Market Call - as of 8:25 AM EDT**

WTI - May \$59.31, up \$1.55

RBOB - Apr \$1.9275, up 3.11 cents

HO - Apr \$1.7833, up 3.47 cents

## All NYMEX | Prior Settlements

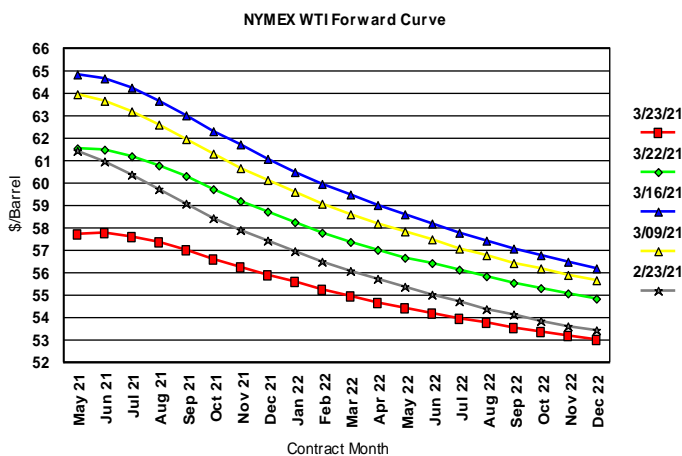
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-21	\$1.7489	-\$0.0804	\$0.1838
May-21	\$1.7502	-\$0.0801	\$0.1823
Jun-21	\$1.7519	-\$0.0794	\$0.1790
Jul-21	\$1.7544	-\$0.0791	\$0.1749
Aug-21	\$1.7572	-\$0.0783	\$0.1707
Sep-21	\$1.7612	-\$0.0774	\$0.1660
Oct-21	\$1.7650	-\$0.0763	\$0.1618
Nov-21	\$1.7688	-\$0.0746	\$0.1576
Dec-21	\$1.7712	-\$0.0727	\$0.1532
Jan-22	\$1.7747	-\$0.0714	\$0.1490
Feb-22	\$1.7760	-\$0.0702	\$0.1448
Mar-22	\$1.7728	-\$0.0691	\$0.1402
Apr-22	\$1.7641	-\$0.0674	\$0.1345
May-22	\$1.7603	-\$0.0656	\$0.1291
Jun-22	\$1.7588	-\$0.0640	\$0.1239
Jul-22	\$1.7623	-\$0.0629	\$0.1197
Aug-22	\$1.7652	-\$0.0620	\$0.1160

Sprague HeatCurve October 2021-April 2022		\$1.7717
	Close	Change
Crude - WTI	\$57.7600	-\$3.8000
Crude - Brent	\$60.7900	-\$2.5500
Natural Gas	\$2.5080	-\$0.0740
Gasoline	\$1.8964	-\$0.0634

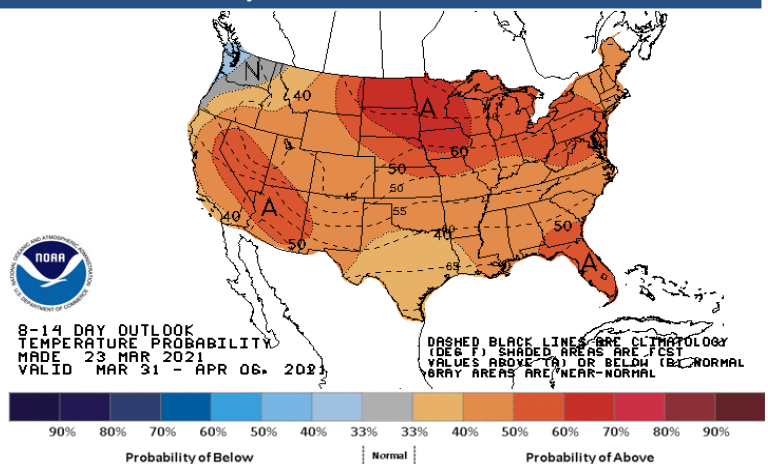
## API Report for the Week Ending March 19, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 2.9 million barrels	Down 1.7 million barrels
Cushing, OK Crude Stocks	Down 2.3 million barrels	
Gasoline Stocks	Down 3.7 million barrels	Up 900,000 barrels
Distillate Stocks	Up 246,000 barrels	Up 200,000 barrels
Refinery Runs		Up 3.8%, at 79.9%
Crude Imports		

## WTI Forward Curve



## 8-14 Day Weather Forecast



This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.