

## Market Commentary

**Recap:** Energy markets were dragged higher by RBOB futures, as the front-month contract settled at its highest level in 2 ½ years. Oil futures also got a boost from a revision in OPEC's demand forecast for 2021, where in its monthly report the group said it sees demand growth of 5.89 million barrels per day in 2021. Previous projections were for 5.79 million barrels per day. Oil futures also received a boost from a weaker dollar and the quickening pace of the rollout for the COVID vaccine. April WTI settled at \$66.02 a barrel, up \$1.58, or 2.5%, while May Brent added \$1.73, or 2.6%, to close at \$69.63, the highest close since May 28, 2019. April RBOB rose 5.85 cents, or 2.8%, to \$2.138 a gallon, the highest close for a front-month contract since Aug. 31, 2018. April heating oil ended up 4.21 cents, or 2.2%, to settle at \$1.9594 a gallon.

**Technical Analysis:** With April WTI breaking above \$65, momentum to the upside gained strength. A trade above \$67.69, the current breakout point of the ascending channel, should add to the upside momentum, giving the market enough strength to trade at the March 8, 2021 high of \$67.98. The projected breakout point is set at \$75.73. Support is set at \$65 and below that at \$63.22. RBOB crack spreads have exploded, reaching their highest level in 3 years, as increasing demand and storm related production slowdowns contributed to hefty declines in U.S. gasoline production. Total U.S. gasoline stocks fell 11.87 million barrels in the week ended March 5 to 231.6 million barrels, according to the EIA, driving inventories more than 6% behind the five-year average. The bulk of the draws were in the high demand area of the U.S. Atlantic Coast, where stocks fell 7.49 million barrels to 63.99 million barrels. The draw pushed USAC stocks 2.5% below the five-year average, eliminating a surplus that had persisted since late January. The draws came as implied demand for gasoline jumped more than 7% on the week to 8.73 million barrel per day, the strongest since early November. With COVID vaccines getting into more arms and the summer driving season on the horizon, we would look for RBOB crack spreads to continue to strengthen. The April RBOB/WTI crack spread broke above its April 2019 high of \$21.48, to trade out to \$23.74 before settling at \$23.78. The May RBOB/WTI crack spread traded as high as \$23.89, its highest level since April 2019. This spread has the potential of reaching above \$26.

**Fundamental News:** OPEC said a recovery in oil demand will be focused on the second half of the year as the impact of the pandemic lingers. In a monthly report, OPEC said demand will increase by 5.89 million bpd in 2021, or 6.5%, up slightly from last month. But the group cut its forecasts for the first half. It said total oil demand is forecast to reach 96.3 million bpd with most of the consumption appearing in the second half of the year. The report also showed lower OPEC oil output in February as most OPEC+ members returned to output restraint and Saudi Arabia pledged a voluntary cut of 1 million bpd in February and March, which last week was extended into April. OPEC said its output fell by 647,000 bpd to 24.848 million bpd, driven by the Saudi cut. Saudi Arabia told OPEC it made almost all of the reduction, lowering production by 956,000 bpd to 8.147 million bpd. OPEC lowered its 2021 forecast for global demand for its crude to 27.3 million bpd, down from a previous forecast of 27.5 million bpd. OPEC raised its 2021 overall non-OPEC supply growth forecast to 950,000 bpd from a previous forecast of 670,000 bpd.

Kpler is estimating that an expected 3.1 million barrels of gasoline are set to arrive in the Central Atlantic region of the USAC during the week beginning March 8<sup>th</sup>. Kpler estimated that just 1 million barrels were received the prior week. Kpler is estimating that for the first half of March gasoline imports into the USAC are forecasted to be 4.1 million barrels versus the 2.67 million barrels imported a year ago for the same time period and 2.69 million barrels imported during the period in 2019.

**Early Market Call - as of 8:15 AM EDT**

WTI - Apr \$65.84, down 16 cents  
 RBOB - Apr \$2.1512, up 1.32 points  
 HO - Apr \$1.9625, up 31 points

## All NYMEX | Prior Settlements

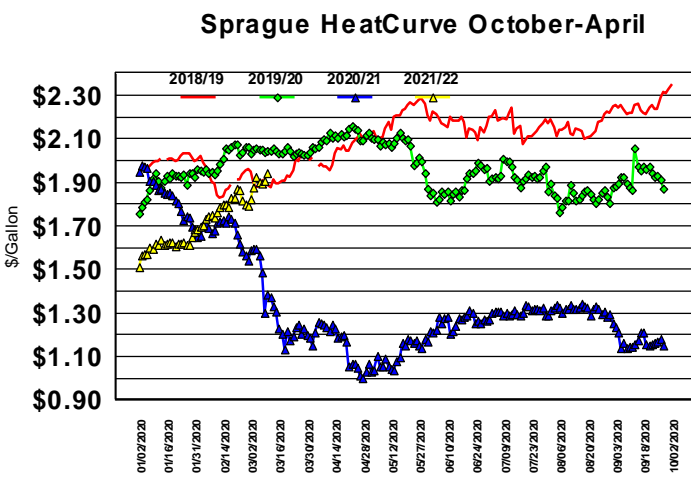
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-21	1.9594	0.0421	-0.0634
May-21	1.9580	0.0408	-0.0658
Jun-21	1.9554	0.0391	-0.0672
Jul-21	1.9533	0.0377	-0.0679
Aug-21	1.9515	0.0372	-0.0682
Sep-21	1.9507	0.0368	-0.0683
Oct-21	1.9498	0.0361	-0.0678
Nov-21	1.9490	0.0353	-0.0673
Dec-21	1.9463	0.0345	-0.0667
Jan-22	1.9451	0.0336	-0.0661
Feb-22	1.9416	0.0328	-0.0662
Mar-22	1.9335	0.0326	-0.0673
Apr-22	1.9183	0.0321	-0.0681
May-22	1.9088	0.0314	-0.0690
Jun-22	1.9016	0.0311	-0.0699
Jul-22	1.9003	0.0306	-0.0704
Jul-22	1.8990	0.0301	-0.0705

Sprague HeatCurve October 2021-April 2022			\$1.9413
		Close	Change
Crude - WTI	May Brent- WTI Spread \$3.63	\$66.0000	\$1.5800
Crude - Brent		\$69.6300	\$1.7300
Natural Gas		\$2.6680	-\$0.0240
Gasoline		\$2.1380	\$0.0585

## EIA Working Gas Storage Report

	05-Mar-21	26-Feb-21	Change	05-Mar-2020
East	350	383	-33	430
Midwest	440	465	-25	533
Mountain	113	117	-4	98
Pacific	205	210	-5	200
South Central	685	670	15	790
Salt	176	159	17	234
Nonsalt	509	511	-2	556
Total	1,793	1,845	-52	2,050

## Sprague HeatCurve October-April



## WTI Continuation

