

Market Commentary

Recap: Oil futures stumbled on Tuesday, as ships resumed moving through the Suez Canal and as traders focused on the meeting between OPEC and its allies set for later this week. It is expected that the group will vote to extend existing production cuts through May. Adding to the pressure on oil prices was a rise in the U.S. dollar and fears a third wave of the coronavirus will continue to limit demand. May WTI fell \$1.01, or 1.6%, to settle at \$60.55 a barrel, while Brent for May delivery fell 84 cents, or 1.3%, to settle at \$64.14 a barrel. April RBOB fell 0.3%, to \$1.99 a gallon, while April heating oil declined 1.1%, to \$1.79 a gallon.

Market Outlook: On the bearish side of the market is the fact that China is ignoring U.S. and United Nations sanctions against Iran and has been importing higher amounts of Iranian oil. China may receive as much as 1 million barrels a day this month in imports from Iran passed off as crude from other origins. In Europe, the rising number of third wave coronavirus infections is leading to renewed and longer restrictions, thereby hindering demand. Supporting this market is the upcoming OPEC+ meeting, with Saudi Arabia prepared to accept an extension of the production cuts through, and is ready to prolong voluntary unilateral curbs amid the latest wave of the coronavirus lockdowns. For us, this indicates continued choppy behavior, with the psychological level of \$60 attracting a lot of attention. Bounces off of this level should attract in and out buyers looking to make a quick buck. Breaks below \$60 could see this market back down around \$75.25.

Fundamental News: Renewed lockdown restrictions in Europe and slower than expected vaccine rollouts are likely to impact a global recovery in fuel demand and make OPEC+ oil producers take a cautious stance when the group reassesses output policy this week. Rystad Energy said the renewed lockdowns and problems with vaccination in Europe could prevent the recovery of up to 1 million bpd of oil demand in 2021. Refinitiv data showed the arrival of U.S. diesel and gasoil into Europe dropped to zero last week in response to weak demand. March arrivals are expected to be at a record low of 38,000 tons aboard a single tanker, 85% lower month-on-month and 95% lower year-on-year. April arrivals were also expected to remain subdued. Energy Aspects forecasts European demand to be lower by 800,000 bpd year-on-year in March, but expects the demand to continue recovering, rising by 2.7 million bpd in third quarter versus first quarter 2021. Globally, Energy Aspects expects August demand to be 8.2 million bpd higher versus March, as summer discretionary driving peaks. In the United States, the situation has been more stable. U.S. gasoline demand increased in the week to March 19 to 8.6 million bpd, the highest since November except for the first week of March, when demand hit 8.7 million bpd. Gasoline demand in Asia was also stable and there are no renewed widespread lockdowns.

According to a report from the Oil Price Information Service by IHS Markit, U.S. gasoline sales for 2021 have exceeded prior-year levels for the first time since last March. However the report stated that demand still trails pre-pandemic levels, and the year-on-year increase is a bigger reflection on last year's demand destruction rather than strong economic recovery this year. Gasoline same-store sales for the week ending March 20th increased by 10.1% on the year but still 16% below pre-pandemic levels.

Data from the OPEC's joint technical committee meeting said OPEC+ cumulative excess production increased to about 3 million bpd in February from 2.8 million bpd in January and 2.7 million bpd in December 2020.

According to a source, Saudi Arabia is prepared to support extending oil cuts by OPEC and allies into May and June and is also ready to extend its own voluntary cuts to support oil prices amid a new wave of coronavirus lockdowns.

Early Market Call - as of 8:25 AM EDT

WTI - May \$60.75, up 19 cents
 RBOB - Apr \$2.0070, up 1.8 cents
 HO - Apr \$1.7897, up 5 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-21	\$1.7892	-\$0.0206	-\$0.0403
May-21	\$1.7914	-\$0.0201	-\$0.0412
Jun-21	\$1.7944	-\$0.0199	-\$0.0425
Jul-21	\$1.7979	-\$0.0198	-\$0.0435
Aug-21	\$1.8011	-\$0.0196	-\$0.0439
Sep-21	\$1.8045	-\$0.0196	-\$0.0433
Oct-21	\$1.8075	-\$0.0195	-\$0.0425
Nov-21	\$1.8101	-\$0.0195	-\$0.0413
Dec-21	\$1.8108	-\$0.0197	-\$0.0396
Jan-22	\$1.8129	-\$0.0198	-\$0.0382
Feb-22	\$1.8127	-\$0.0199	-\$0.0367
Mar-22	\$1.8078	-\$0.0198	-\$0.0350
Apr-22	\$1.7972	-\$0.0198	-\$0.0331
May-22	\$1.7912	-\$0.0197	-\$0.0309
Jun-22	\$1.7876	-\$0.0194	-\$0.0288
Jul-22	\$1.7903	-\$0.0192	-\$0.0280
Aug-22	\$1.7925	-\$0.0193	-\$0.0273

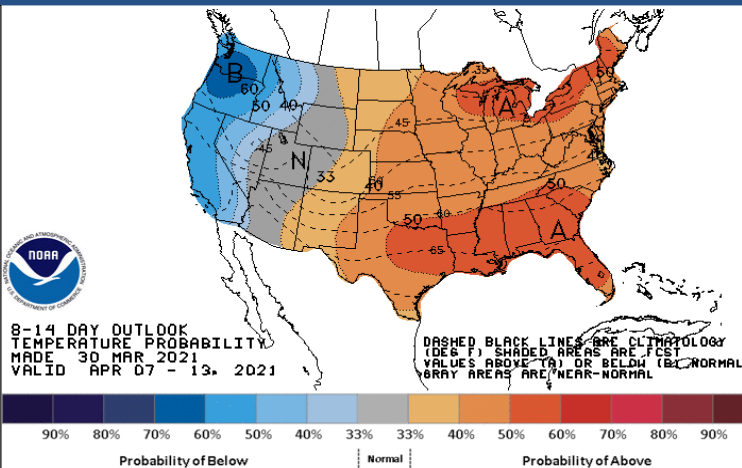
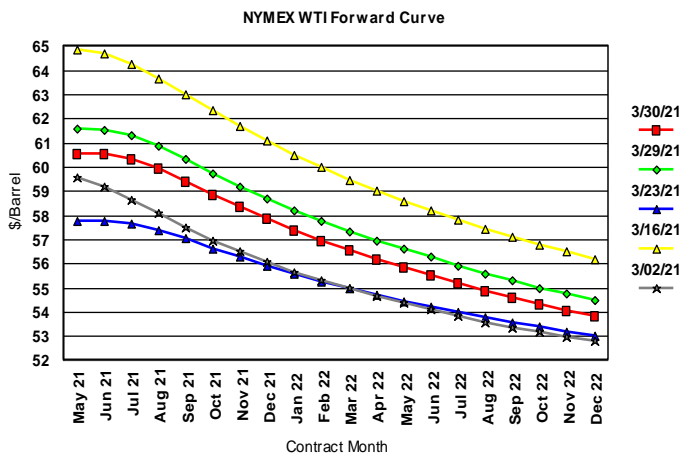
Sprague HeatCurve October 2021-April 2022			\$1.8096
		Close	Change
Crude - WTI	May Brent- WTI Spread \$3.59	\$60.5500	-\$1.0100
Crude - Brent		\$64.1400	-\$0.8400
Natural Gas		\$2.6230	-\$0.0300
Gasoline		\$1.9890	-\$0.0062

API Report for the Week Ending March 26, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 3.9 million barrels	Down 600,000 barrels
Cushing, OK Crude Stocks	Up 900,000 barrels	
Gasoline Stocks	Down 6 million barrels	Up 1 million barrels
Distillate Stocks	Up 2.6 million barrels	Up 400,000 barrels
Refinery Runs		Up 1.7%, at 83.3%
Crude Imports		

WTI Forward Curve

8-14 Day Weather Forecast



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