

Market Commentary

Recap: The oil market surged as the U.S.-Israeli air war against Iran widened and looked set to last for weeks. U.S. and Israeli strikes on Iran and retaliation by Iran forced shutdowns of oil and gas facilities across the Middle East and disrupted shipping in the Strait of Hormuz, pushing the oil complex sharply higher. The oil market was also supported after Iran launched drone attacks against several Gulf countries in retaliation for the U.S.-Israeli attacks, forcing Saudi Arabia to shut down its 550,000 bpd Ras Tanura refinery. The crude market gapped higher from \$67.83 to \$75.00 and quickly extended its gains to over \$8.30 as it posted a high of \$75.33, a level not seen since June, on the opening after the U.S. and Israel preemptively struck Iran on Saturday. The oil market later partially backfilled its gap as it eased back to a low of \$69.20. The market bounced off its low and settled in a sideways trading pattern from about \$70 to \$73.50 for much of the session as it continued to digest the developments in the Middle East. While, the crude market retraced more than 50% of its gain, the April WTI contract still settled up \$4.21 at \$71.23 and the May Brent contract settled up \$4.87 at \$77.74. The product markets ended the session sharply higher, with the heating oil market settling up 22.95 cents at \$2.9004 and the RB market settling up 29.27 cents at \$2.3706.

Technical Analysis: The crude market is seen remaining well supported. While the Middle East region's oilfields have not been affected by the conflict and the market's move lower on Monday shows that some believe the disruption will be short-lived, the inability to ship fuel out of the Gulf for a long period of time could force producers to curtail output as their storage fills up. Insurers and shipowners are likely to remain cautious even after any formal assurances for shipments to resume. The oil market is seen finding resistance at \$75.33, \$78.40, \$78.47, \$79.44, \$80.59 and \$80.77. Meanwhile, support is seen at \$71.33, \$70.09, its gap from \$69.20 to \$67.83, \$64.85 and \$63.60.

Fundamental News: OPEC+ agreed to a modest oil output increase of 206,000 bpd for April on Sunday just as the U.S.-Israeli war on Iran and Tehran's retaliation disrupted oil flows from key members of the producer group in the Middle East. Saudi Arabia has been increasing oil production and exports in recent weeks by around 500,000 bpd in preparation for U.S. strikes on Iran. Sources stated that OPEC+ had debated options ranging from 137,000 bpd to 548,000 bpd.

IIR Energy said U.S. oil refiners are expected to shut in about 930,000 bpd of capacity in the week ending March 6th, increasing available refining capacity by 367,000 bpd. Offline capacity is expected to fall to 830,000 bpd in the week ending March 13th.

Valero Energy Corp reported maintenance activity at its 205,000 bpd Houston, Texas refinery that may require the use of its safety flare system.

According to a filing with the Illinois Emergency Management Agency, an equipment malfunction on Sunday at ExxonMobil's 264,000 bpd refinery in Joliet, Illinois resulted in flaring.

According to Patrick De Haan, an analyst at retail price tracker GasBuddy, U.S. average retail gasoline prices are set to break above \$3/gallon for the first time in more than three months as the conflict between the United States and Iran interrupts global oil flows. They were as low as \$2.85/gallon in February.

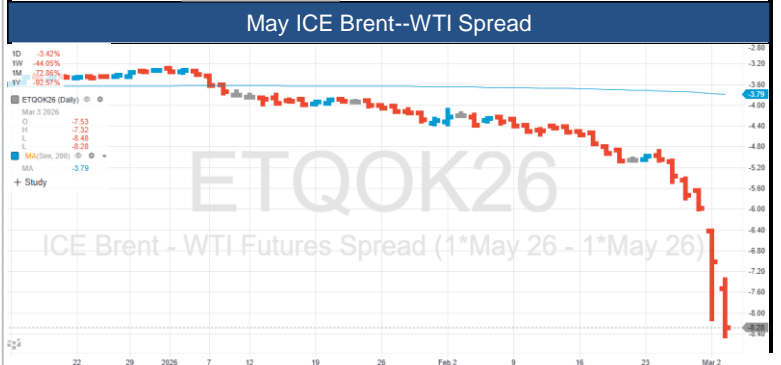
Early Market Call - as of 8:30 AM EDT

WTI - Apr \$76.21, up \$5.15
RBOB - Apr \$2.4988, up 12.13 cents
HO - Apr \$3.3208, up 38.88 cents

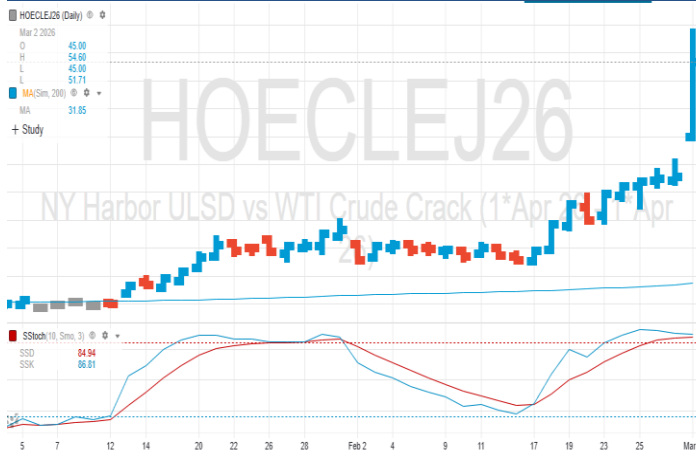
All NYMEX | Prior Settlements

| | ULSD (HO) Close | Prior Settle Change | Change In One Week |
|--------|--------------------|------------------------|-----------------------|
| Mar-26 | 2.6709 | 0.0584 | 0.0851 |
| Apr-26 | 2.5960 | 0.0702 | 0.1179 |
| May-26 | 2.5314 | 0.0627 | 0.1037 |
| Jun-26 | 2.4865 | 0.0574 | 0.0913 |
| Jul-26 | 2.4594 | 0.0508 | 0.0820 |
| Aug-26 | 2.4418 | 0.0470 | 0.0763 |
| Sep-26 | 2.4343 | 0.0448 | 0.0733 |
| Oct-26 | 2.4287 | 0.0422 | 0.0706 |
| Nov-26 | 2.4187 | 0.0392 | 0.0683 |
| Dec-26 | 2.4039 | 0.0357 | 0.0661 |
| Jan-27 | 2.3935 | 0.0331 | 0.0648 |
| Feb-27 | 2.3792 | 0.0314 | 0.0636 |
| Mar-27 | 2.3572 | 0.0304 | 0.0622 |
| Apr-27 | 2.3286 | 0.0296 | 0.0608 |
| May-27 | 2.3077 | 0.0288 | 0.0606 |
| Jun-27 | 2.2912 | 0.0284 | 0.0599 |
| Jul-27 | 2.2845 | 0.0276 | 0.0584 |

| Sprague HeatCurve October 2026-April 2027 | | Close | Change |
|---|---------------------------------------|-----------|----------|
| Crude - WTI | May Brent-WTI Spread \$7.02 | \$70.7200 | \$3.8300 |
| Crude - Brent | | \$77.7400 | \$4.8700 |
| Natural Gas | | \$2.9600 | \$0.1010 |
| Gasoline | | \$2.3706 | \$0.2927 |



April Heating Oil Crack Spread



April RBOB Crack Spread

