

Market Commentary

Recap: The crude market on Tuesday traded lower amid the possibility that the U.S. and Iran will resume talks to end the war. There were reports that negotiating teams from the U.S. and Iran could return to Islamabad this week to resume talks to end the war, after the collapse of weekend negotiations prompted the U.S. to impose a blockade on Iranian ports. While the U.S. blockade drew condemning rhetoric from Iran, signs that diplomatic engagement might continue helped ease supply concerns stemming from the blockade of the Strait of Hormuz. The oil market posted a high of \$98.00 on the opening and continued to erase its recent gains, posting a low of \$91.06 ahead of the close. The May WTI contract settled down \$7.80 at \$91.28 and the June Brent contract settled down \$4.57 at \$94.79. The product markets ended the session lower, with the heating oil market settling down 20.98 cents at \$3.6243 and the RB market settling down 7.65 cents at \$3.0395.

Technical Analysis: The oil market will remain pressured by expectations of a resumption in U.S.-Iran talks. However, while the market has been pressured by the possibility of continuing talks to end the war, there is still a loss of barrels moving through the Strait of Hormuz. The IEA estimated that attacks on energy infrastructure in the Middle East and Iran's effective closure of the Strait of Hormuz have led to the largest oil supply disruption in history, with 10.1 million bpd lost in March. The crude market is seen finding support at \$91.06-\$91.05, \$89.51, \$86.46, \$86.34 and \$84.37. Meanwhile, resistance is seen at \$98.00, \$99.90, \$101.20, \$104.34, \$105.63, \$107.48, \$109.19-\$109.20 and \$117.63.

Fundamental News: The International Energy Agency sharply cut its forecasts for global oil supply and demand growth, saying both are now expected to fall from 2025 levels as the war in the Middle East disrupts oil flows and weighs on the global economy. The IEA now sees global oil demand falling by 80,000 bpd in 2026, compared with a projected year-on-year increase of 640,000 bpd in its previous monthly report. The IEA forecast global oil supply to fall by 1.5 million bpd this year, down from a 1.1 million bpd projected increase last month and 2.5 million bpd at the start of the year. The IEA said that attacks on energy infrastructure in the Middle East and Iran's effective closure of the Strait of Hormuz have led to the largest oil supply disruption in history, with 10.1 million bpd lost in March. Overall, the IEA forecasts imply that supply will be higher than demand by just 410,000 bpd in 2026, in contrast to a 2.46 million bpd surplus projected in last month's report. The IEA said the flow of crude oil, refined fuels and natural gas liquids through Hormuz was just 3.8 million bpd in early April, down from more than 20 million bpd in February before the U.S. and Israel launched their initial strikes on Iran. The IEA's base case forecast is for regular deliveries of oil and gas from the Middle East to international markets to resume by mid-year, although below pre-conflict levels.

Bloomberg reported that Iranian crude on tankers at sea and strong onshore stockpiles in China will provide a cushion for the country's independent refiners should U.S. blockade of the Strait of Hormuz shut in flows. According to Kpler data, there are about 38 million barrels of Iranian oil on vessels in Asia, with more than a third of the ships anchored in the Yellow Sea off the Chinese coast. OilChem said overall crude inventories in Shandong province have also increased and are near the highest level this year.

Gasoline and diesel prices in the U.S. are at their highest seasonal levels ever. While fuel costs have eased slightly in recent days as oil markets weigh the possibility of a U.S.-Iran deal to end the war, retail prices are still high. According to the AAA, gasoline prices averaged \$4.12/gallon on Monday. That compares with a previous high of \$4.07 on the same day in 2022 following the price spike driven by Russia's invasion of Ukraine. Meanwhile, national average diesel prices stood at \$5.65/gallon, more than 60 cents above their previous high for this time, set in 2022. The price of both fuels are expected to remain elevated.

Early Market Call - as of 8:45 AM EDT

WTI - May \$91.31, down 76 cents

RBOB - May \$3.02, down 1.65 cents

HO - May \$3.68, up 3.33 cents

All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
May-26	\$3.6243	-\$0.2098	-\$0.1841
Jun-26	\$3.4726	-\$0.1827	-\$0.1116
Jul-26	\$3.3560	-\$0.1590	-\$0.0537
Aug-26	\$3.2739	-\$0.1309	-\$0.0129
Sep-26	\$3.2077	-\$0.1066	\$0.0082
Oct-26	\$3.1433	-\$0.0870	\$0.0202
Nov-26	\$3.0716	-\$0.0724	\$0.0287
Dec-26	\$2.9964	-\$0.0629	\$0.0319
Jan-27	\$2.9504	-\$0.0598	\$0.0331
Feb-27	\$2.9057	-\$0.0585	\$0.0318
Mar-27	\$2.8494	-\$0.0572	\$0.0305
Apr-27	\$2.7878	-\$0.0553	\$0.0297
May-27	\$2.7432	-\$0.0534	\$0.0287
Jun-27	\$2.7094	-\$0.0491	\$0.0280
Jul-27	\$2.6921	-\$0.0449	\$0.0268
Aug-27	\$2.6772	-\$0.0413	\$0.0252
Sep-27	\$2.6647	-\$0.0377	\$0.0238

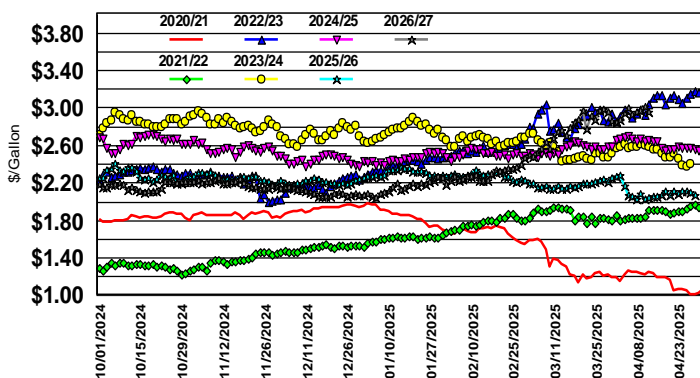
Sprague HeatCurve October 2026-April 2027		\$2.9480
		Close Change
Crude - WTI	June Brent- WTI Spread \$6.60	\$88.1900 -\$4.7600
Crude - Brent		\$94.7900 -\$4.5700
Natural Gas		\$2.5990 -\$0.0280
Gasoline		\$3.0395 -\$0.0765

API Report for the Week Ending April 10, 2025

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 6.1 million barrels	Up 150,000 barrels
Gasoline Stocks	Up 626,000 barrels	Down 2.1 million barrels
Distillate Stocks	Down 3.36 million barrels	Down 2.4 million barrels
Refinery Runs		Up 0.2%, at 92%

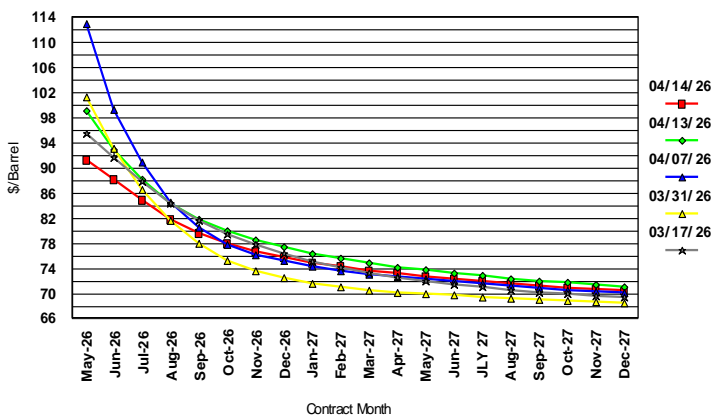
Sprague HeatCurve

Sprague HeatCurve October-April



WTI Forward Curve

NYMEX WTI Forward Curve



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