

## Market Commentary

**Recap:** The crude market traded sharply lower on Tuesday, extending its previous losses, amid hopes of an Israel-Hamas ceasefire and increasing U.S. crude production. The market retraced some of its previous losses in overnight trading and posted a high of \$83.30 early in the morning. However, the market erased all of its gains and sold off sharply as talks over a Gaza ceasefire reduce the risk premium. Also, the EIA's monthly report showed an increase in U.S. crude oil production of 570,000 bpd in February, the largest monthly increase since October 2021, to 13.15 million bpd. The oil market breached a support line at \$81.72 as it extended its losses to over \$1.60 and posted a low of \$80.95 by mid-morning. The market later retraced some of its losses and traded sideways during the remainder of the session. The June WTI contract settled down 70 cents at \$81.93 and the June Brent contract settled down 54 cents at \$87.86. Meanwhile, the product markets ended the session in negative territory, with the heating oil market settling down 1.79 cents at \$2.5134 and the RB market settling down 3.79 cents at \$2.7108.

**Technical Analysis:** The oil market will likely trade sideways as it looks for further direction from the weekly petroleum stocks reports, which are expected to show draws in crude stocks of over 1 million barrels on the week. The market will also await the outcome of the Federal Reserve's two-day meeting on Wednesday afternoon, when Fed officials are expected to leave interest rates unchanged. The crude market is seen finding support at \$81.89, \$80.95, \$80.88 and \$80.70. Further support is seen at \$79.99, \$79.91, \$79.51 and \$78.68. Meanwhile, resistance is seen at \$83.30, \$83.71, \$83.91, \$84.46, \$84.57, \$85.64 and \$86.97.

**Fundamental News:** Data from storage broker, The Tank Tiger, showed traders are rushing to fill up storage tanks along the U.S. East Coast with distillate fuels, like diesel and heating oil, a sign of increasing oversupply that is weighing on refiners' profits. Spreads between U.S. crude and diesel futures or "cracks" that reflect refining margins, have fallen more than 30% so far this year to under \$25/barrel. Storing in the harbor allows them to export distillate fuels to Europe later in the year when demand improves. Distillates storage demand at New York Harbor increased to around 300,000 barrels this month from virtually no bidder interest in March. The Tank Tiger's storage demand data measures bidder interest in leasing storage tanks. Distillates in storage increased by 1.6 million barrels in the week ending April 19<sup>th</sup> to 116.6 million barrels, as demand fell 5% from the previous year to 3.55 million bpd, the weakest for this time since 2022.

Goldman Sachs said "We expect Brent to edge down to \$84/bbl by December." However, it still sees value in long oil positions as a hedge against geopolitical supply shocks and from attractive spread values.

ANZ said it expects oil to trade above \$90/barrel in the second quarter.

Oil prices are forecast to hold above \$80/barrel this year, with analysts surveyed by Reuters revising up their 2024 forecasts for a second time on expectations supply will lag demand amid conflict in the Middle East and as OPEC+ maintains output cuts. Economists and analysts surveyed forecast that Brent crude would average \$84.62/barrel in 2024 against a \$82.33/barrel estimate in March, the second consecutive upward revision this year. Projections for U.S. crude have also been revised higher to \$80.46/barrel from a previous forecast of \$78.09/barrel.

The EIA reported that U.S. crude oil production in February increased by 578,000 bpd to 13.154 million bpd from a revised level of 12.576 million bpd in January. The EIA reported that total oil demand in February increased by 1% or 190,000 bpd to 19.949 million bpd. U.S. distillates demand in February fell by 2.5% or 99,000 bpd on the year to 3.919 million bpd and U.S. gasoline demand fell by 1.3% or 114,000 bpd to 8.601 million bpd.

**Early Market Call - as of 8:40 AM EDT**

WTI - June \$80.82, down \$1.11

RBOB - June \$2.6588, down 3.23 cents

HO - June \$2.5126, down 1.5 cents

## All NYMEX | Prior Settlements

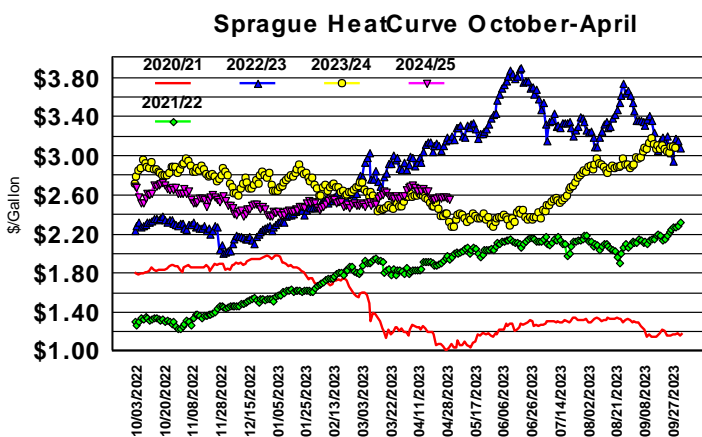
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-24	2.5134	-0.0179	-0.0658
Jun-24	2.5276	-0.0184	-0.0584
Jul-24	2.5386	-0.0176	-0.0541
Aug-24	2.5477	-0.0171	-0.0513
Sep-24	2.5561	-0.0163	-0.0482
Oct-24	2.5631	-0.0156	-0.0447
Nov-24	2.5627	-0.0154	-0.0409
Dec-24	2.5562	-0.0154	-0.0369
Jan-25	2.5531	-0.0147	-0.0338
Feb-25	2.5431	-0.0135	-0.0298
Mar-25	2.5272	-0.0120	-0.0254
Apr-25	2.5050	-0.0109	-0.0217
May-25	2.4905	-0.0097	-0.0186
Jun-25	2.4784	-0.0081	-0.0158
Jul-25	2.4706	-0.0073	-0.0142
Aug-25	2.4645	-0.0066	-0.0132
Sep-25	2.4606	-0.0062	-0.0128

Sprague HeatCurve October 2024-April 2025			\$2.5454
		Close	Change
Crude - WTI	June Brent-WTI Spread \$5.93	\$81.9300	-\$0.7000
Crude - Brent		\$87.8600	-\$0.5400
Natural Gas		\$1.9910	-\$0.0390
Gasoline		\$2.7108	-\$0.0379

### API Report for the Week Ending April 26, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 4.906 million barrels	Down 1.1 million barrels
Gasoline Stocks	Down 1.483 million barrels	Down 1.1 million barrels
Distillate Stocks	Down 2.187 million barrels	Down 200,000 barrels
Refinery Runs		Up 0.5% at 89%

## Sprague HeatCurve October-April



## WTI Forward Curve

