

## Market Commentary

**Recap:** Oil prices continued on its upward trend on Wednesday, settling higher for the fourth consecutive session, amid the geopolitical concerns due to Ukraine's attacks on Russian refineries and potential widening of the conflict in the Middle East, while OPEC+ ministers made no changes to their current output policy at their latest meeting. The market traded mostly sideways in overnight trading and posted a low of \$84.85. However, the market bounced off that level and rallied higher as the market remained well supported by a new round of Ukrainian drone attacks on Russian refineries threatened to shut in more of the country's processing capacity. The market also remained concerned after Iran on Tuesday vowed revenge against Israel for an attack on Monday. The oil market posted a high of \$86.20 ahead of the release of the EIA's weekly petroleum stocks reports. The market pulled back some of its gains and traded in a sideways trading range from \$85.40 to \$86.00 after the EIA reported a larger than expected 3.2 million barrel build in crude stocks. The May WTI contract settled up 28 cents at \$85.43, the highest settlement since October 27, 2023, while the June Brent contract settled up 43 cents at \$89.35. The product markets also settled higher following the draws reported in distillate and gasoline stocks. The May heating oil contract settled up 2.05 cents at \$2.7324 and the May RB contract settled up 20 points at \$2.7609.

**Technical Analysis:** The oil market will likely see a retraction of its recent gains before it continues to trade higher. The market remains supported by concerns over the possibility of widening tensions in the Middle East. The market is seen finding resistance at its high of \$86.20, \$86.30 followed by \$88.29, the \$90.00 level and \$90.76. Meanwhile, support is seen at its low of \$84.85, \$84.25, \$84.15 and \$83.85. Further support is seen at \$82.60, \$82.20 and \$81.52.

**Fundamental News:** The EIA reported that U.S. crude stocks unexpectedly increased in the week ending March 29<sup>th</sup>, while distillates and gasoline stocks fell more than expected, as refining activity slowed. Crude stocks increased for a second consecutive week, increasing by 3.2 million barrels to 451.4 million barrels in the week ending March 29<sup>th</sup>.

The U.S. Department of Energy said it will not award oil supply contracts for Louisiana's Bayou Choctaw Strategic Petroleum Reserve site in August and September due to high oil prices. The Energy Department said it aims to purchase oil for the SPR at a price of \$79/barrel or below, less than the average of about \$95 it received for 2022 emergency SPR sales. It said it will continue to solicit available capacity as market conditions allow.

Bank of America Global Research raised its 2024 Brent and WTI crude forecasts to \$86 and \$81/barrel respectively, with prices expected to peak at \$95/barrel this summer. The bank expects improving demand to help push global oil markets into a deficit in the second and third quarters of 2024 of about 450,000 bpd.

A meeting of senior OPEC+ ministers kept oil output policy unchanged and urged some countries to increase compliance with output cuts. In a statement following Wednesday's Joint Ministerial Monitoring Committee meeting, OPEC+ noted the "high conformity" of members with pledged oil output cuts, although it said some countries had promised to improve their adherence and report on progress. The panel welcomed pledges from Iraq and Kazakhstan to achieve full conformity as well as to compensate for overproduction, and Russia's announcement that its cuts in the second quarter will be based on production, not exports. Last month, OPEC+ members agreed to extend voluntary output cuts of 2.2 million bpd until the end of June to support the market. The panel scheduled its next meeting for June 1<sup>st</sup>, the same day as the next full OPEC+ meeting to decide policy.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.15 million bpd of capacity in the week ending April 5<sup>th</sup>, cutting available refining capacity by 44,000 bpd. Offline capacity is expected to fall to 815,000 bpd in the week ending April 12<sup>th</sup>.

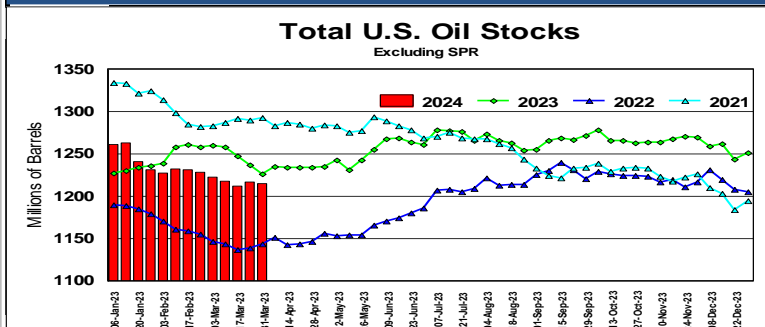
**Early Market Call - as of 8:40 AM EDT**

WTI - May \$85.05, down 38 cents  
 RBOB - May \$2.7508, down 1.01 cents  
 HO - May \$2.7163, down 1.61 cents

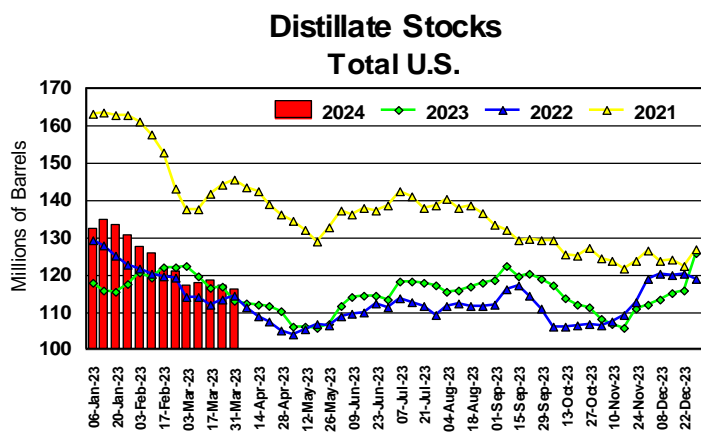
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-24	2.7324	0.0205	0.1299
Jun-24	2.7233	0.0183	0.1253
Jul-24	2.7181	0.0190	0.1224
Aug-24	2.7139	0.0201	0.1191
Sep-24	2.7139	0.0214	0.1178
Oct-24	2.7129	0.0215	0.1160
Nov-24	2.7058	0.0219	0.1139
Dec-24	2.6924	0.0231	0.1137
Jan-25	2.6810	0.0236	0.1130
Feb-25	2.6624	0.0233	0.1106
Mar-25	2.6371	0.0224	0.1069
Apr-25	2.6071	0.0212	0.1036
May-25	2.5861	0.0195	0.0986
Jun-25	2.5672	0.0176	0.0921
Jul-25	2.5530	0.0155	0.0866
Aug-25	2.5409	0.0135	0.0817
Sep-25	2.5318	0.0121	0.0769

Sprague HeatCurve October 2024-April 2025		\$2.6714
	Close	Change
Crude - WTI	\$84.6100	\$0.3900
Crude - Brent	\$89.3500	\$0.4300
Natural Gas	\$1.8410	-\$0.0210
Gasoline	\$2.7609	\$0.0020



## Weekly EIA Petroleum Status Report for the Week Ending March 29, 2024



**Overall U.S. Stats**

Crude Oil Stocks(excluding SPR) Up 3.21 million barrels  
 Cushing, OK Crude Stocks Down 377,000 barrels  
 Gasoline Stocks Down 4.256 million barrels  
 Distillate Stocks Down 1.268 million barrels  
 Refinery % Operated 88.6%, down 0.1%

	PADD #1		
	Week Ending Mar 29, 2024	Week Ending Mar 22, 2024	Week Ending Mar 31, 2023
Distillate Stocks (in million bbl)			
New England	4.2	4.8	4.2
Central Atlantic	14.4	13.9	12.5
Total PADD #1	29.2	29.2	27.3
Distillate Imports (thousands b/d)	83	150	100