

Market Commentary

Recap: The oil market moved lower as the risk premium eased following Iran's weekend attack on Israel. Iran's attack, which involved more than 300 missiles and drones, was mostly priced in over the days leading up to it late last week and caused only modest damage, with missiles shot down by Israel's Iron Dome defense system. Iran saying it considers its retaliation to be over, lowered geopolitical tensions and allowed the market to retrace its previous gains. The oil market initially opened higher and posted a high of \$86.11. However, the market gave up its gains and retraced almost 50% of its move from a low of \$80.30 to a high of \$87.67 as it sold off to a low of \$84.05 by mid-morning. The market later retraced its losses and traded back over the \$85.50 level ahead of the close. The May WTI contract settled down 25 cents at \$85.41 and the June Brent contract settled down 35 cents at \$90.10. The product markets ended the session in negative territory, with the heating oil market settling down 3.09 cents at \$2.6542 and the RB market settling down 1.9 cents at \$2.7839.

Technical Analysis: While the market retraced some of its previous gains, it is seen remaining within its previous trading range as the market awaits for news on Israel's response to Iran's retaliatory attack over the weekend. The oil market's losses will remain limited until it is clear that Israel has chosen a measured response to avoid causing an all-out war. The crude market is seen finding support at its low of \$84.05, \$83.99 followed by \$83.85, \$83.12 and \$82.60. Meanwhile, resistance is seen at \$86.11, \$87.67, \$88.29-\$88.33 followed by \$90.00 and \$90.78.

Fundamental News: Israel's Channel 12 news reported that Israel's war cabinet discussed a range of options at its meeting on Monday, with the intention of hurting Iran for its drone and missile attack on Israel but without causing an all-out war. It reported that Israel's intention was to embark on action coordinated with the U.S., which has stated that it would not join Israel in any direct attack on Iran.

Iran's Foreign Ministry Spokesperson, Nasser Kanaani, said no pre-arranged agreement was made with any country prior to Iran's retaliatory attack against Israel. On Saturday night, Iran launched hundreds of drones and missiles at Israel in response to a suspected Israeli attack on Iran's Syria consulate on April 1st.

On Sunday, U.S. officials said President Joe Biden told Israeli Prime Minister Benjamin Netanyahu that the United States would not participate in any Israeli counter-offensive against Iran. In a statement issued late on Saturday following the attacks, President Biden said he told Netanyahu that Israel had "demonstrated a remarkable capacity to defend against and defeat even unprecedented attacks." John Kirby, the White House's top national security spokesperson, told ABC's "This Week" program on Sunday that the United States will continue to help Israel defend itself, but does not want war with Iran.

The EIA said U.S. oil output from top shale-producing regions will increase in May to the highest level in five months. Production from the top basins will increase by more than 16,000 bpd to 9.86 million bpd, the strongest output since December. Oil output in the Permian basin, the largest U.S. shale field straddling West Texas and New Mexico, is forecast to increase by about 11,500 bpd to 6.17 million bpd, the third highest monthly output on record. Production in the Eagle Ford in southeastern Texas was forecast to increase to 1.16 million bpd, the highest since November. In the Bakken, output was set to increase by 4,800 bpd to 1.25 million bpd, the strongest since December. The EIA also reported that oil companies added to the number of drilled but uncompleted wells, known as fracklog, in March for the first time in more than a year. Shale explorers are drilling wells faster than they're fracking them, a signal that U.S. oil production growth is slowing. As of the end of March, the fracklog increased by nine to 4,522.

Early Market Call - as of 8:20 AM EDT

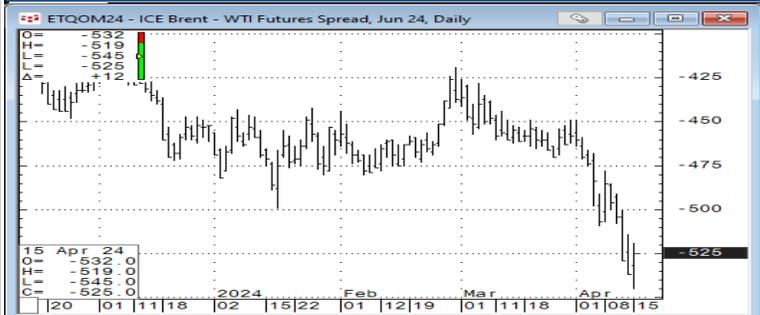
WTI - May \$84.93, down 48 cents
 RBOB - May \$2.7831, down 8 points
 HO - May \$2.6421, down 1.21 cents

All NYMEX | Prior Settlements

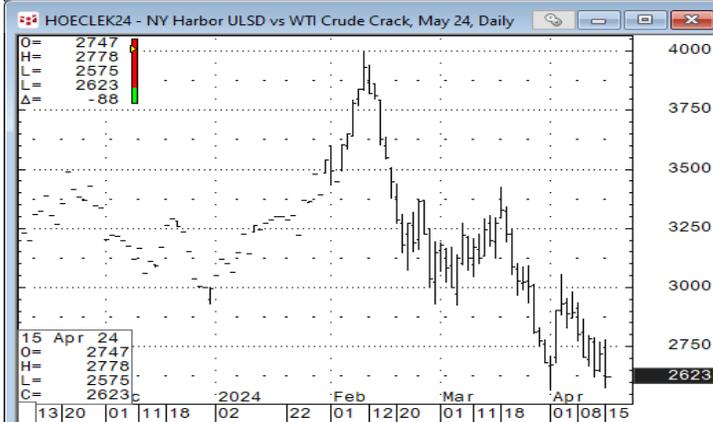
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-24	2.6542	-0.0309	-0.0745
Jun-24	2.6580	-0.0266	-0.0637
Jul-24	2.6614	-0.0237	-0.0549
Aug-24	2.6644	-0.0212	-0.0485
Sep-24	2.6680	-0.0203	-0.0461
Oct-24	2.6681	-0.0194	-0.0444
Nov-24	2.6628	-0.0185	-0.0422
Dec-24	2.6522	-0.0179	-0.0406
Jan-25	2.6456	-0.0165	-0.0370
Feb-25	2.6327	-0.0147	-0.0312
Mar-25	2.6126	-0.0133	-0.0244
Apr-25	2.5871	-0.0120	-0.0184
May-25	2.5712	-0.0108	-0.0128
Jun-25	2.5568	-0.0104	-0.0087
Jul-25	2.5462	-0.0097	-0.0051
Aug-25	2.5369	-0.0090	-0.0029
Sep-25	2.5300	-0.0082	-0.0018

Sprague HeatCurve October 2024-April 2025			\$2.6377
		Close	Change
Crude - WTI	May Brent-WTI Spread \$5.24	\$84.8600	-\$0.2200
Crude - Brent		\$90.1000	-\$0.3500
Natural Gas		\$1.6910	-\$0.0790
Gasoline		\$2.7839	\$0.0190

ICE June Brent-WTI Spread



May Heating Oil Crack Spread



May RBOB Crack Spread

