

Market Commentary

Recap: The oil market sold off once again and settled down 1.85% as fears of a recession due to the impact of the Trump administration's sweeping tariffs offset a stock market rebound seen earlier in the day. The crude market traded higher in overnight trading, posting a high of \$61.75 as the equities markets rebounded following three consecutive sessions of sharp losses. The markets were supported by news that China's state-owned companies announced plans to buy back shares to increase investor confidence and mitigate the impact of an escalating global trade war. The oil market continued to trade over the \$60.00 level for most of the session before it sold off further as the White House announced that the U.S. would impose a 104% tariff on China from 12:01 AM ET on Wednesday, after China did not lift its retaliatory tariffs on U.S. goods by a noon deadline on Tuesday. The crude market extended its losses to \$1.80 as it traded to \$58.90. The May WTI contract settled down \$1.12 at \$59.58 and continued to sell off in the post settlement period to a low of \$57.88. The June Brent contract settled down \$1.39 at \$62.82. The product markets ended the session in negative territory, with the heating oil market settling down 1.29 cents at \$2.0570 and the RB market settling down 2.87 cents at \$1.9914.

Technical Analysis: The crude market on Wednesday will remain headline driven as the Trump administration's sweeping tariffs are scheduled to take effect on 12:01 A.M. Wednesday. The markets are seen remaining under pressure as a fear of a recession increase. The market is also seen remaining under pressure as OPEC+, which started unwinding its output cuts in April, will advance its unwinding further next month. The market is seen finding support at its low of \$57.88 followed by \$57.63, \$57.25 and \$51.64. Meanwhile, resistance is seen at \$59.10, \$60.40, \$60.89, \$61.75, \$63.38, \$65.08, \$66.77 and \$66.90.

Fundamental News: A White House official said the United States will impose a 104% tariff on China from 12:01 AM ET on Wednesday, after Beijing did not lift its retaliatory tariffs on U.S. goods by a noon Tuesday deadline set by U.S. President Donald Trump. White House Press Secretary, Karoline Leavitt, said nearly 70 countries have reached out to the White House looking to begin negotiations on reducing the impact of President Donald Trump's tariff policy.

Goldman Sachs sees Brent and WTI oil prices declining to \$62/barrel and \$58/barrel by December 2025 and to \$55/barrel and \$51/barrel by December 2026, respectively under two assumptions. First, the U.S. economy avoids a recession given a large reduction in tariffs, which are scheduled to take effect on Wednesday, April 9th and second, OPEC+ supply increases moderately with two final increments of 130,000-140,000 bpd each in June and July. Goldman Sachs said assuming a typical U.S. recession and its OPEC baseline, it estimates that Brent crude would fall to \$58/barrel by December 2025 and to \$50/barrel by December 2026. In a global GDP slowdown scenario and maintain its OPEC baseline, the bank estimates that Brent would fall to \$54/barrel by December 2025 and to \$45/barrel by December 2026. It estimates a similar price path assuming its GDP baseline and full unwinding of the 2.2 million bpd OPEC+ cuts. In the more extreme and less likely scenario, with both a global GDP slowdown and a full unwinding of OPEC+ cuts, Goldman Sachs estimates Brent oil prices would fall to just under \$40/barrel in late 2026.

The Keystone Pipeline was shut down following a spill in southeast North Dakota. The pipeline, which carries as much as 15% of Canada's crude exports to the U.S., was quickly shut down after a pressure drop was detected. A yet-unknown volume of oil was discovered in a field near a pump station. There is no timeline for restarting the pipeline as workers will need to excavate to find the source of the leak and repair it.

Early Market Call - as of 8:25 AM EDT

WTI - May \$56.08, down \$3.50
 RBOB - May \$1.9026, down 8.88 cents
 HO - May \$1.9618, down 9.52 cents

All NYMEX | Prior Settlements

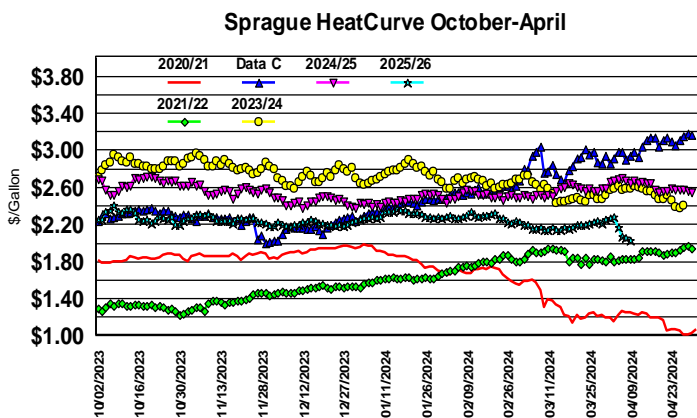
| | ULSD (HO) Close | Prior Settle Change | Change In One Week |
|--------|--------------------|------------------------|-----------------------|
| May-25 | \$2.0570 | -\$0.0129 | -\$0.2319 |
| Jun-25 | \$2.0050 | -\$0.0212 | -\$0.2605 |
| Jul-25 | \$1.9916 | -\$0.0261 | -\$0.2672 |
| Aug-25 | \$1.9914 | -\$0.0281 | -\$0.2659 |
| Sep-25 | \$1.9977 | -\$0.0295 | -\$0.2638 |
| Oct-25 | \$2.0052 | -\$0.0298 | -\$0.2609 |
| Nov-25 | \$2.0104 | -\$0.0302 | -\$0.2560 |
| Dec-25 | \$2.0142 | -\$0.0304 | -\$0.2499 |
| Jan-26 | \$2.0204 | -\$0.0311 | -\$0.2427 |
| Feb-26 | \$2.0208 | -\$0.0314 | -\$0.2358 |
| Mar-26 | \$2.0141 | -\$0.0316 | -\$0.2289 |
| Apr-26 | \$2.0027 | -\$0.0309 | -\$0.2212 |
| May-26 | \$1.9993 | -\$0.0298 | -\$0.2132 |
| Jun-26 | \$1.9997 | -\$0.0286 | -\$0.2045 |
| Jul-26 | \$2.0063 | -\$0.0286 | -\$0.1966 |
| Aug-26 | \$2.0135 | -\$0.0285 | -\$0.1895 |
| Sep-26 | \$2.0212 | -\$0.0282 | -\$0.1830 |

| Sprague HeatCurve October 2025-April 2026 | | \$2.0146 |
|---|-----------|-----------|
| | Close | Change |
| Crude - WTI | \$59.1000 | -\$1.3400 |
| Crude - Brent | \$62.8200 | -\$1.3900 |
| Natural Gas | \$3.4650 | -\$0.1900 |
| Gasoline | \$1.9914 | -\$0.0287 |

API Report for the Week Ending April 4, 2024

| | Actual | Mkt Expectations |
|---------------------------|--------------------------|--------------------------|
| Crude Oil Stocks(exl SPR) | Down 1.1 million barrels | Up 1.4 million barrels |
| Gasoline Stocks | Up 210,000 barrels | Down 1.5 million barrels |
| Distillate Stocks | Down 1.8 million barrels | Up 300,000 barrels |
| Refinery Runs | | Up 0.5% at 86.5% |

Sprague HeatCurve October-April



May WTI

