**Energy Brief**

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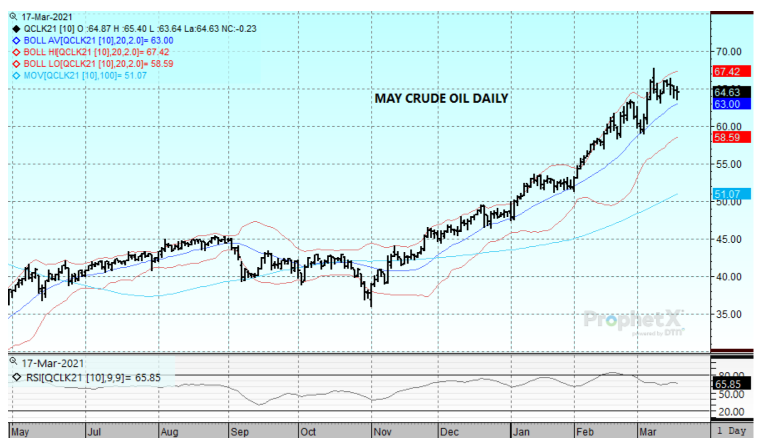
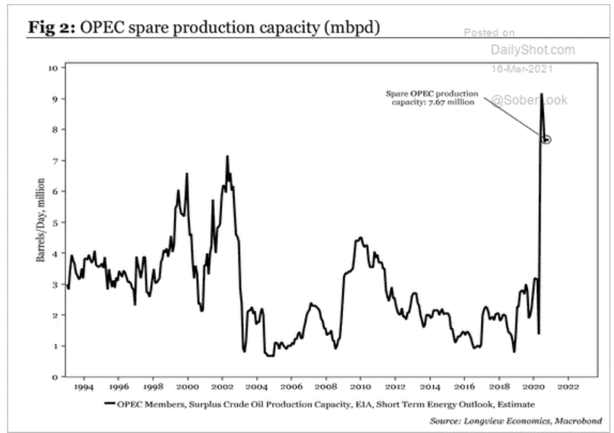
**Price Overview**




Prices remained under pressure with product markets again showing the largest losses. Demand concerns were rekindled in Europe as multiple countries suspended the use of the AstraZeneca vaccine due to issues with blood clotting side effects. Further weakness followed the weekly DOE report which showed an unexpected increase in product stocks. Saudi output curbs along with the US stimulus package continued to offer underlying support but concerns that inflationary pressures could lead to a tighter monetary stance helped limit buying interest ahead of the Fed Monetary Meeting that began today.

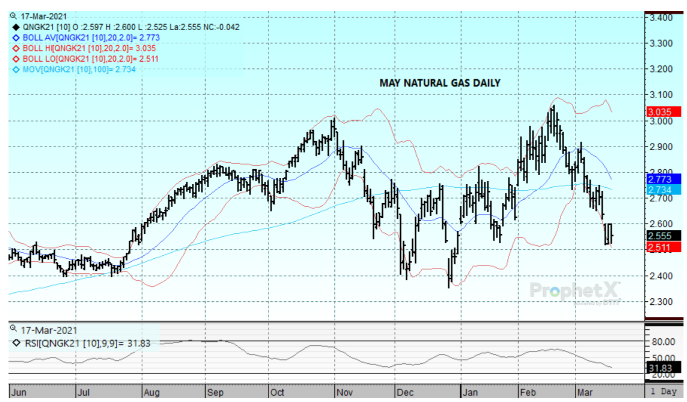
The DOE report indicated a build of 2.4 mb in crude inventories, near expectations at 3.0, with refinery utilization continuing to recover, up 7.1% this week to 76.1. Total petroleum inventories rose another 3.6 mb, with gasoline stocks up .5 mb and distillates gaining .3 as opposed to expectations for draws of 3.0 and 3.4 respectively. Domestic crude production was unchanged at 10.9 mb. Total product supplied increased slightly to 18.9 mb and is off 6 percent verses last year.

Although crude prices found underlying support today, likely due to the somewhat normalized DOE report that showed a much smaller inventory build than the previous two weeks, the market remains cautions at these levels. The Saudi's have been staunch supporters of output cuts for an extended period, and it has been a key contributor to the solid price trend in place since November. With their spare capacity now at levels not seen in decades, the question arises as to when they begin to loosen the spigots. With the market already in the midst of a minor setback, any sign of a waning in their commitment could lead to a deeper retrenchment.




## Natural Gas

Prices have remained range bound between 2.50 and 2.60 this week, as another attempt at the upside overnight was thwarted and we ended the session just over 4 cents lower at 2.555 basis May. Selling was aided by the quick recovery in production following a weekend storm in the Rockies that had shut in over 1 bcf of output. Today's number looks to be near 91.5 bcf/d after late revisions. The warm weather seen so far this month remains the biggest hindrance to prices, as expectations a month ago for above average demand have turned into a reality that this March will likely be one of the warmest on record. This has precipitated decreased power burns and allowed renewables to grab a larger share of the generating stack. Tomorrow's weekly storage report is again estimated in a wide range between a withdrawal of 30 to a build of 30, with the average guess near a 20 bcf decrease. With tight ranges leading up to the release, it likely determines the direction of the near-term trend. Anything in the single digit draws to a build will likely push us below the 2.50 level, and a larger draw could quickly fill the gap at 2.619 on the May following three straight days of matching highs near 2.60.

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