



Archer Financial Services, Inc.

Energy Brief

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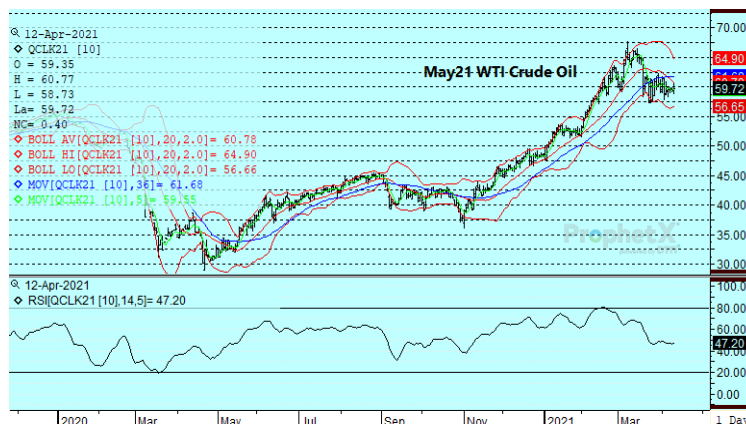
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Price Overview

The petroleum complex attracted early buying on Iranian accusations that Israel had sabotaged a nuclear facility, and on claims of a Houthi drone attack on Saudi oil production facilities. The reports were unverified and lacked detail, but the associated uncertainty pressured prices. Selling developed at the higher levels on the spike of infections in India and other Asian countries, along with recent lockdowns in Europe. Continuing to offer support was the appearance that US demand is growing with the improving economy and approach of the summer driving season. In the background helping limit buying interest were reports that some of Saudi Arabia's Asian customers had asked for lower volumes of crude in May due to refinery maintenance and higher prices. The requests come ahead of expected easing in output cuts beginning in May. The appearance that some progress was made last week in talks with Iran on a nuclear agreement remained in the background as a negative influence.

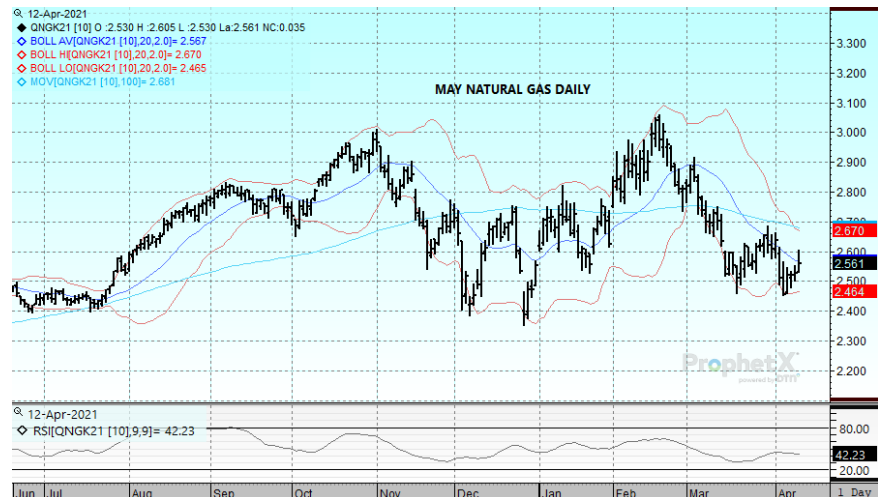


Demand recovery will likely continue to be a source of uncertainty. The rise of infections in India, who is large consumer of oil, along with other emerging markets in Asia will likely be watched closely as OPEC+ gradually increases output. Any stalling out of the recovery might leave the market vulnerable to selling pressure.

Tomorrow's OPEC Oil Monthly Report, and the IEA Monthly Report on Wednesday, should provide some indication of demand recovery and its impact on the supply/demand balance in the second half of the year. We continue to see good resistance near the 60.00 level basis May and beyond that at 61.50.

Natural Gas

The market came out of the weekend well supported as forecast revisions intensified the cold snap expected across much of the country for the remainder of this week. Temperatures in Europe have also been colder over the past few days as stocks there were drawn down further, which added underlying support as export demand continues to



look positive into the summer. The early buying pushed the May contract to a test of the 2.60 level, where solid resistance was found and prices retrenched as the session wore on and ended the day up 3 ½ cents a 2.561. Follow through to the upside was limited by the fact that cooler temperatures at this time of year do not have as much of an effect on demand, as net injections into storage are still expected during this colder period. Continued spring maintenance at LNG facilities will likely cause inconsistency in flows over the coming weeks and tend to have a dampening impact on prices as well, keeping the May contract constrained into its expiration on April 28th. Near term the market is range bound, but we expect an upside bias that will likely test the 2.60 resistance again soon. The March and April lows near 2.45 likely represent a longer term bottom.

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