

## Market Commentary

**Recap:** Oil prices slipped on Friday, with U.S. prices falling as much as 23% after rising 10% earlier in the session as economic stimulus plans failed to offset expectation for a steep fall in demand due to the coronavirus pandemic and the ongoing price war between Saudi Arabia and Russia. The selloff came just a day after WTI posted its largest one-day percentage gain on record. The expiring April WTI contract slipped below \$20.00 a barrel, to bottom the session at \$19.46 before paring losses for a settlement of \$22.53 a barrel, down \$2.69, or 10.7%, a 29% drop on the week. The May WTI contract fell \$3.28 or 12.7% to settle at \$22.63 a barrel. May Brent fell \$1.49, or 5.2%, to \$26.98 a barrel. April heating oil fell 3.4% to \$1.0063 a gallon, ending down 11.5% for the week. April RBOB fell 11.6% to 60.54 cents a gallon, with prices marking a weekly loss of 32.7%.

**Technical Analysis:** Crude oil markets fell rather hard during the week, as we continue to see a lot of negativity out there. With a lack of demand and a major price war, crude oil will continue to struggle. Our stance remains the same as yesterday, this is despite the oversold conditions, we cannot buy into higher prices at this moment. Once again, we would look for a break above the 10-day moving average, which is currently set at \$29.89, before we would even consider buying into this market. For now, we would prefer standing on the sidelines, waiting for a signal. A trade below \$20.52 would signal a resumption of the downtrend, with the main trend changing to the upside with a trade above \$36.70.

**Fundamental News:** Baker Hughes reported that US energy firms cut the most oil rigs in a week in almost a year as a meltdown in oil and natural gas prices due to the coronavirus outbreak has forced producers to increase cuts in spending on new drilling. Energy firms cut 19 oil rigs in the week ending March 20<sup>th</sup>, bringing the total count down to 664, the lowest since January.

Goldman Sachs said supply restraint by core-OPEC producers could push second-quarter Brent oil prices up to \$30/barrel, while US measures to support the market could underpin prices in the near term. It stated that while any US measures could support the oil market into the second half of the year, accompanying supply cuts would still not be enough to offset the 8 million bpd demand loss, brought about by countries slowing economic activity to halt the spread of the coronavirus which has caused nearly 10,000 deaths worldwide.

Vitol said global oil demand could fall by more than 10% due to lockdowns spreading across Europe to fight the coronavirus outbreak as well as measures in the US. Global demand could easily fall by 10 million bpd or more, adding that it was impossible to predict how long demand could remain depressed as it would depend on the spread of the virus and how long lockdowns last. The world consumes about 100 million bpd.

Fitch Solutions Inc is forecasting a year-on-year decline of 7-10 million bpd in global oil demand in the second quarter of 2020 due to the coronavirus and a price war between Russia and Saudi Arabia. It sees a year-on-year decline of 300 million barrels in 2020, with most of that impact concentrated between February and May. It revised its 2020 forecast for Brent crude to \$43/barrel from \$63/barrel.

IIR Energy reported that US oil refiners are expected to shut in 872,000 bpd of capacity in the week ending March 20<sup>th</sup>, increasing available refining capacity by 79,000 bpd from the previous week.

CME Group Inc raised margins for trading NYMEX crude oil futures by 20.4% effective after the close of business Friday. It increased the maintenance margins for NYMEX April crude futures to \$5,600/contract from \$4,650.

**Early Market Call - as of 9:05 AM EDT**

WTI - Apr \$23.47, up 84 cents

RBOB - Apr \$5.5488, down 5.66 cents

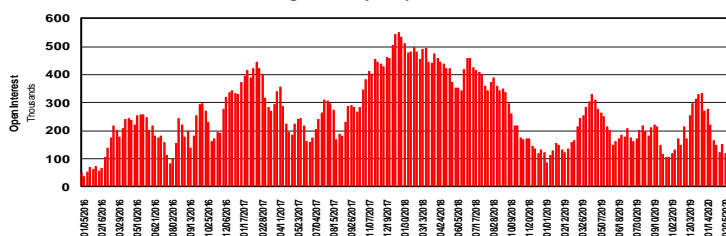
HO - Apr \$1.0099, up 36 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-20	1.0063	-0.0354	0.1311
May-20	1.0139	-0.0336	0.1318
Jun-20	1.0328	-0.0332	0.1286
Jul-20	1.0574	-0.0349	0.1270
Aug-20	1.0817	-0.0361	0.1261
Sep-20	1.1062	-0.0374	0.1249
Oct-20	1.1275	-0.0386	0.1250
Nov-20	1.1450	-0.0400	0.1268
Dec-20	1.1592	-0.0412	0.1292
Jan-21	1.1722	-0.0429	0.1331
Feb-21	1.1820	-0.0450	0.1372
Mar-21	1.1901	-0.0469	0.1402
Apr-21	1.1958	-0.0478	0.1402
May-21	1.2068	-0.0490	0.1411
Jun-21	1.2203	-0.0496	0.1409
Jul-21	1.2386	-0.0497	0.1408
Aug-21	1.2547	-0.0499	0.1413

Sprague Heat Weighted Strip October -April 20/2021		\$1.1703	
Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent- WTI Spread \$4.35	\$22.6300	-\$3.2800
Crude - Brent		\$26.9800	-\$1.4900
Natural Gas		\$1.6040	-\$0.0500
Gasoline		\$0.6054	-\$0.0796

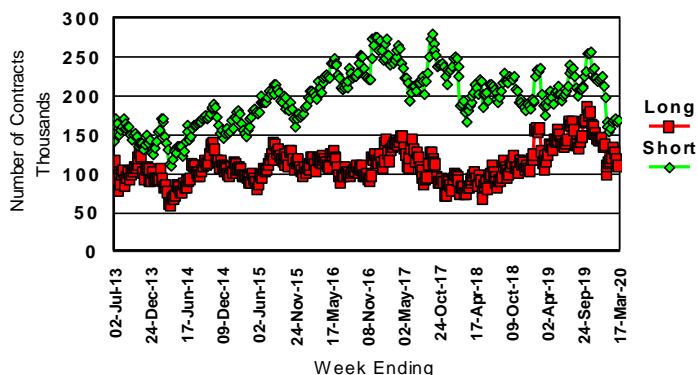
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending March 20, 2020

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

