

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices were mostly flat on Monday due to a lack of fresh fundamentals. After opening the session trading below unchanged, oil prices staged a comeback as investors focused on tighter supplies and falling U.S. crude oil inventories. By 11:56 EST, May WTI rose to a session high of \$59.19, while May Brent hit \$67.36 a barrel. Early losses were trimmed as U.S. stocks turned positive, only to fall as stocks turned negative. The closing was mixed, with May WTI falling 22 cents, or 0.37 percent to settle at \$58.82 a barrel and May Brent tacking on 18 cents, or 0.27 percent, to settle at \$67.21 a barrel. April RBOB rose 0.6% to \$1.938 a gallon and April heating oil settled at \$1.980 a gallon, up 0.7%.

Technical Analysis: WTI edged higher, testing the lower line of the ascending channel it broke below last week. Monday's retreat from this line indicates that this market has more room to the down side. With this in mind, we would look for a test at the \$57.00 level. Below this, additional support is set at \$56.19. Resistance is set at \$62.40 and above that at \$65.00.

Fundamental News: Trafigura Group sees Brent oil remaining around current levels, about \$66-\$67/barrel or slightly higher for the rest of the year, and rising to the \$70s in 2020.

Exxon Mobil Corp expects high sulfur fuel oil demand to fall by 25% by 2025, as a new set of emission regulations go into effect next year. A new 0.5% sulfur content cap in shipping fuel set by the International Maritime Organization will come into effect in 2020.

US sanctions on Venezuela's oil industry have made winners out of Royal Dutch Shell and BP as refiners in need of substitutes are scooping up oil produced in the region. Those two companies produce notable amounts of crude oil that refiners have settled on as the immediate replacement for the heavy Venezuelan crude that US refiners relied on for years. Trading volumes in these grades of oil have increased to the highest in months.

Saudi Arabia was China's largest crude supplier in February. After having been China's second largest crude supplier for three consecutive years on an annual basis, Saudi Arabia is increasing its sales to China via supply deals with refiners outside the national oil companies in a new marketing strategy. Supplies from Saudi Arabia reached 5.95 million tons or 1.552 million bpd, up 29% from February 2018. This is compared with supplies from Russia of 5.74 million tons or 1.5 million bpd.

IIR Energy reported that US oil refiners are expected to shut in 1.69 million bpd of capacity in the week ending March 29th, increasing the available refining capacity by 12,000 bpd from the previous week. IIR expects offline capacity to fall to 1 million bpd in the week ending April 5th.

The US Coast Guard said the backlog of vessels waiting to move through the Houston Ship Channel increased on Monday while it remained closed to traffic for a third day as emergency workers attempted to clear a petrochemical spill from the Intercontinental Terminals Co storage facility in Deer Park, Texas. Thirty-one vessels waited to enter the busiest US oil port on Monday, while another 31 waited to leave, up from 26, respectively on Sunday morning. The section of the Houston Ship Channel from Light 116 to Tucker's Bayou remained closed. Royal Dutch Shell and LyondellBasell Industries cut production at their oil refineries on the waterway. Shell reduced output at its 275,000 bpd Deer Park, Texas refinery due to a shortage of crude, while Lyondell reduced its output by 14% because it cannot remove sulfur generated at the plant during fuels production and had limited storage capacity on site.

Early Market Call - as of 8:45 AM EDT

WTI - May \$59.83, up \$1.01

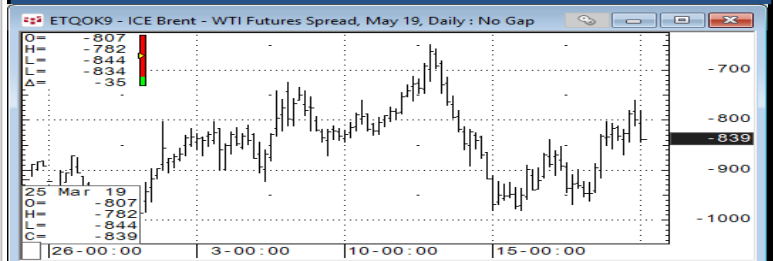
RBOB - Apr \$1.9562, up 2.01 cents

HO - Apr \$1.9963, up 1.58 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-19	\$1.9804	\$0.0145	\$0.0114
May-19	\$1.9814	\$0.0146	\$0.0089
Jun-19	\$1.9842	\$0.0137	\$0.0073
Jul-19	\$1.9893	\$0.0128	\$0.0046
Aug-19	\$1.9964	\$0.0116	\$0.0024
Sep-19	\$2.0060	\$0.0109	\$0.0009
Oct-19	\$2.0145	\$0.0100	-\$0.0004
Nov-19	\$2.0225	\$0.0098	-\$0.0010
Dec-19	\$2.0300	\$0.0099	-\$0.0010
Jan-20	\$2.0369	\$0.0098	-\$0.0013
Feb-20	\$2.0382	\$0.0095	-\$0.0018
Mar-20	\$2.0344	\$0.0092	-\$0.0024
Apr-20	\$2.0232	\$0.0092	-\$0.0025
May-20	\$2.0149	\$0.0091	-\$0.0025
Jun-20	\$2.0105	\$0.0093	-\$0.0023
Jul-20	\$2.0100	\$0.0092	-\$0.0025
Aug-20	\$2.0101	\$0.0091	-\$0.0027

Sprague HeatCurve Oct 2019-Apr 2020		\$2.0311
Other Front Month NYMEX		Close
Crude - WTI	May Brent-	\$58.8200
Crude - Brent	WTI Spread	\$67.2100
Natural Gas	\$8.39	\$2.7550
Gasoline		\$1.9379
		\$0.0120

ICE May Brent-WTI Spread



May Heating Oil Crack Spread

May RBOB Crack Spread

