



MarketWatch | Refined Products

Tuesday, January 21, 2020

Market Commentary

Fundamental News: OPEC's Secretary General, Mohammad Barkindo, said the next meeting between representatives of the OPEC+ group of oil producers will take place in March. He said none of the participants had asked for the time of the meeting to be changed.

Oil supply disruptions in Libya and Iraq could be offset by increased output from OPEC, limiting the impact on global oil markets, the head of the Japanese Petroleum Industry said on Monday. Two major oilfields in southwest Libya began shutting down on Sunday after forces loyal to Khalifa Haftar closed a pipeline, potentially reducing national output to a fraction of its normal level. The market impact from Libya is expected to be short lived.

Libya's National Oil Corp declared force majeure on crude loadings from the El Sharara and El Feel oilfields. Individual under the supervision of the Petroleum Facilities Guard blocked pipelines linking the Sharara oilfield to the Zawiya oil terminal and the El Feel oilfield to the Mellitah terminal. Fuel and gas processing at Libya's Zawiya refinery was continuing normally on Monday despite a halt to loadings from the El Sharara oilfield.

According to Joint Organizations Data Initiative, Saudi Arabia's oil exports in November increased to 7.37 million bpd from 7.06 million bpd in October.

Bank of America Global Research raised its 2020 oil price forecasts on Monday, citing risks to supply from the Middle East. The bank upgraded its average 2020 Brent price outlook to \$62/barrel from \$60/barrel and WTI price forecasts to \$57/barrel from \$54/barrel. The bank expects global demand to increase by 1.1 million bpd during this year, while its supply and demand outlook suggested a surplus of 190,000 bpd.

IIR Energy reported that US oil refineries are expected to shut in 728,000 bpd in the week ending January 24th, cutting available refining capacity by 246,000 bpd from the previous week. Offline capacity is expected to fall to 552,000 bpd in the week ending January 31st.

Belarus and Russia have agreed on an approach and method of compensation over tainted oil in the Druzhba pipeline. Contamination in the pipeline was discovered in April 2019 and Belarusian President, Alexander Lukashenko, estimated the financial losses sustained amounted to hundreds of millions of dollars.

Belarus oil company BNK will import crude from Norway's Johan Sverdrup field via Lithuania's Klaipeda port this month because of a supply dispute with Russia.

Iran's Foreign Minister, Mohammad Javad Zarif, said if Iran's nuclear file is sent to the UN Security Council, then Iran will withdraw from the Non-Proliferation Treaty.

The International Monetary Fund cut its 2020 global growth forecasts due to sharper than expected slowdowns in India and other emerging markets but said a US-China trade deal was another sign that trade and manufacturing activity may soon bottom out. It said global growth would reach 3.3% in 2020, compared with 2.9% in 2019, which was the slowest pace since the financial crisis a decade ago. Growth will improve slightly to 3.4% in 2021. However, that estimate too was cut by 0.2% from October.

Early Market Call - as of 8:30 AM EDT

WTI - Feb \$57.96 down 73

RBOB - Feb \$1.6250 down 1.52

HO - Feb \$1.8549 down .0040

All NYMEX | Prior Settlements

| Month | ULSD (HO) Close | Prior Settle Change | Change In One Week |
|--------|-----------------|---------------------|--------------------|
| Feb-20 | | | |
| Mar-20 | | | |
| Apr-20 | | | |
| May-20 | | | |
| Jun-20 | | | |
| Jul-20 | | | |
| Aug-20 | | | |
| Sep-20 | | | |
| Oct-20 | | | |
| Nov-20 | | | |
| Dec-20 | | | |
| Jan-21 | | | |
| Feb-21 | | | |
| Mar-21 | | | |
| Apr-21 | | | |
| May-21 | | | |
| Jun-21 | | | |

| Other Front Month NYMEX | | Close | Change |
|-------------------------|------------------------|-------|--------|
| Crude - WTI | Mar Brent-WTI Spread { | | |
| Crude - Brent | | | |
| Natural Gas | \$ | | |
| Gasoline | | | |
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