

Market Commentary

Recap: With traders having already factored in OPEC lead production cuts and the effects from the restart of Libya's El Sharara oilfield amidst weak demand keeping a lid on prices, oil futures traded in a narrow range on Tuesday, in what was a lackluster session. The prospects of a trade deal between the U.S. and China have been keeping oil prices above the \$55.00 level, and remain the driving force behind this market. After a brief stint below unchanged, both Brent and WTI recovered, making feeble attempts to recapture the highs of the session. Settlements were mixed, as April WTI settled at \$56.56 a barrel, down 3 cents, or 0.05%, while Brent for May delivery tacked on 19 cents, or 0.29% to settle at \$65.86 a barrel. April RBOB rose 1.1% to \$1.767 a gallon, while April heating oil added 0.1% to \$2.016 a gallon.

Technical Analysis: Based upon a spot continuation chart, WTI is trading at the bottom of an ascending channel, while pivoting around the 10-day moving average. A break below the lower line of this channel allows for a run toward the \$55.00 level. A bounce off of the line will allow for a run at the \$58.00 level. Support remains at \$55.00 and below that at \$52.62. Resistance is set at \$59.50.

Fundamental News: According to Platts CFlow, trade flow software, about 710,000 metric tons of middle distillates from the US was scheduled to arrive in Europe in March. In February, the volume of middle distillates imports into Europe from the US was the lowest total in more than 13 months at 430,000 metric tons.

Maintenance on the Iraq Kurdistan-Turkey pipeline pushed crude exports lower in February for both the semi-autonomous Kurdish region in the north and for the whole of Iraq. Oil shipped by the Kurdistan Regional Government fell to 364,000 bpd in February from 419,000 bpd in January. Exports from the rest of Iraq fell to 3.62 million bpd from 3.649 million bpd, cutting the country's total for February to 3.984 million bpd from 4.068 million bpd in January.

Goldman Sachs stated that commodities are no longer significantly undervalued in relation to current fundamentals and further growth will depend on economic improvement. It added that their forecasts remained bullish in the near term. The bank expects the return on the Enhanced S&P/Goldman Sachs Commodity Index to increase by 5% over the next three months. It said energy markets are already showing signs of improvement, with help from Saudi Arabia-led OPEC cuts, sanctions against Iran and Venezuela, Canadian production cuts and stronger-than-expected demand in major markets. However, moving into the second half of 2019, the bank's forecast is neutral in the medium term, driven by OPEC's potential ending of production cuts, and improvement in shale transportation. Goldman Sachs expects WTI prices to trade at a \$5.50/barrel discount to Brent in the second half of 2019 when pipeline capacity is unleashed but see it trading at \$8.50/barrel discount until then. It said the decline in production costs in the second half of 2019 should however weigh on deferred prices, even if we expect backwardation to persist, driving its year-end Brent forecast down to \$60/barrel.

Libya's El Sharara oilfield restarted some wells and targets initial output of 80,000 bpd. Late on Monday, state oil firm NOC said it lifted a force majeure on the 315,000 bpd oilfield, which had been closed since December.

Early Market Call - as of 9:14 AM EDT

WTI - Apr \$56.08 down 48 cents
RBOB - Apr \$1.76.95 up 21 points
HO - Apr \$2.0119 down 45 points

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Apr-19	\$2.0164	\$0.0021	\$0.0183
May-19	\$2.0117	\$0.0025	\$0.0173
Jun-19	\$2.0089	\$0.0029	\$0.0167
Jul-19	\$2.0126	\$0.0029	\$0.0168
Aug-19	\$2.0199	\$0.0032	\$0.0173
Sep-19	\$2.0302	\$0.0034	\$0.0172
Oct-19	\$2.0391	\$0.0034	\$0.0165
Nov-19	\$2.0466	\$0.0032	\$0.0156
Dec-19	\$2.0535	\$0.0029	\$0.0152
Jan-20	\$2.0595	\$0.0028	\$0.0150
Feb-20	\$2.0600	\$0.0028	\$0.0145
Mar-20	\$2.0565	\$0.0027	\$0.0143
Apr-20	\$2.0454	\$0.0026	\$0.0138
May-20	\$2.0369	\$0.0024	\$0.0136
Jun-20	\$2.0323	\$0.0023	\$0.0137
Jul-20	\$2.0330	\$0.0022	\$0.0137
Aug-20	\$2.0338	\$0.0022	\$0.0138

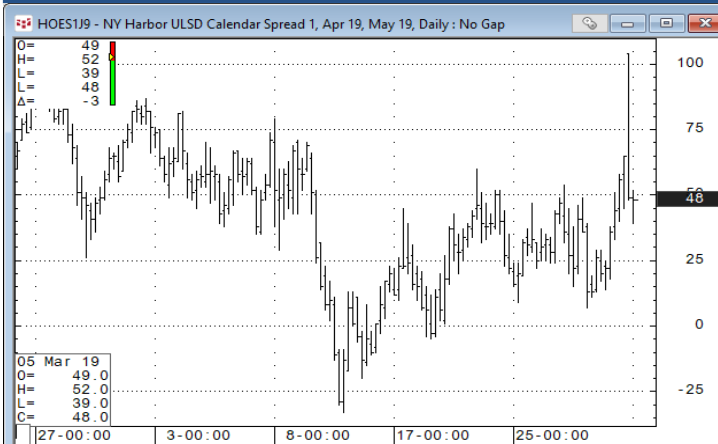
Sprague HeatCurve Oct 2019-Apr 2020 \$2.0539

Other Front Month NYMEX	Close	Change
Crude - WTI	\$56.9400	-\$0.0300
Crude - Brent	\$65.8600	\$0.1900
Natural Gas	\$2.8840	\$0.0270
Gasoline	\$1.7674	\$0.0184

API Weekly Report for the Week Ending March 1, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 7.3 million barrels	Up 1.9 million barrels
Cushing, OK Crude Stocks	Up 1.1 million barrels	Up 740,000 barrels
Gasoline Stocks	Down 391,000 barrels	Down 2 million barrels
Distillate Stocks	Down 3.1 million barrels	Down 1.4 million barrels
Refinery Runs	Up 363,000 bpd	Down 0.3%

NYMEX Heating Oil Apr-May Spread



NYMEX RBOB Apr-May Spread

