

Market Commentary

Recap: Recession fears pressured oil prices on Thursday, pushing them to their lowest level in four years, as the coronavirus pandemic slowed economic growth and oil demand while Saudi Arabia and Russia kept up their battle for market share. After gaining more than 5% in overnight trading, April WTI turned to the downside, pressured by lower equities. This spot contract fell to a low of \$26.63 a barrel, before settling at \$26.95, down 41.75, or 6.1%. This was the lowest level for a spot month contract since February of 2016. May Brent lost \$1.32, or 4.4% to settle at \$28.73, the lowest level since January 2016. Global oil supplies are projected to range between 4 to 10 million barrels per day from February to May 2020, according to IHS Markit. April RBOB rose 3.1% to 71.14 cents a gallon, after a more than 23% plunge a day earlier. April heating oil shed 1% to \$1.0357 a gallon.

Technical Analysis: Based upon a 60 minute chart, and after falling out of the sideways trading pattern set by the high of \$33.86 and low of \$30.05, April WTI has slipped into a downward channel, with a near term bottom below \$24.00. With the downtrend established we would look for a test at the bottom of this channel. To the upside a trade above \$27.83 should lead toward another run at the \$30 level.

Fundamental News: Saudi Arabia plans to increase its crude oil exports to more than 10 million bpd from May while burning less crude for power generation. Saudi Arabia will utilize the gas produced by the Fadhil gas plant to compensate for about 250,000 bpd of domestic oil consumption. This will enable the country to increase its crude exports during the coming months to exceed 10 million bpd.

Morgan Stanley lowered its second quarter Brent price forecast from \$35/barrel to \$30/barrel. It also lowered its third quarter and fourth quarter forecasts for Brent crude to \$35/barrel. It lowered its second quarter WTI price forecast to \$27.50/barrel from a previous forecast of \$30/barrel. Its third quarter and fourth quarter WTI price forecast was cut to \$32.50/barrel. The price of Brent for 2021 was cut to \$42.50/barrel from \$50/barrel and the price of WTI was cut to \$40/barrel from a previous forecast of \$45/barrel.

Societe Generale said it expects peak oil demand destruction to occur in the second quarter with 5 million bpd of oil demand destroyed in those three months. It expects OPEC+ output to increase by 3 million bpd starting now and for this to be sustained at least in 2020.

Glencore has chartered the 3 million barrel of crude carrier Europe to store oil at sea for at least 6 months. Glencore booked the vessel at a rate of \$37,000 a day for the first six months. Sources stated last week that Royal Dutch Shell had provisionally booked at least three supertankers to store crude oil at sea for at least three months.

S&P Global Platts trade flow software cFlow reported that a total of 890,000 metric tons of US Gulf Coast middle distillate shipments is currently scheduled to arrive in Europe in March, with 570,000 metric tons bound for Northwest Europe and 320,000 metric tons set to arrive in the Mediterranean. In February, about 580,000 metric tons of middle distillates loaded on the USGC landed in Europe.

Early Market Call - as of 8:50 AM EDT

WTI - Apr \$23.76 down \$2.27 per barrel

RBOB - Apr \$0.6814 down 3.00 cents per gallon

HO - Apr \$1.0133 down 2.27 cents per gallon

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Apr-20	1.0357	-0.0109	0.2142
May-20	1.0398	-0.0116	0.2117
Jun-20	1.0529	-0.0159	0.2063
Jul-20	1.0762	-0.0178	0.1985
Aug-20	1.1000	-0.0191	0.1921
Sep-20	1.1245	-0.0205	0.1873
Oct-20	1.1470	-0.0217	0.1844
Nov-20	1.1669	-0.0230	0.1833
Dec-20	1.1846	-0.0238	0.1824
Jan-21	1.2019	-0.0245	0.1811
Feb-21	1.2158	-0.0252	0.1797
Mar-21	1.2273	-0.0257	0.1778
Apr-21	1.2346	-0.0262	0.1752
May-21	1.2472	-0.0270	0.1718
Jun-21	1.2610	-0.0273	0.1686
Jul-21	1.2795	-0.0277	0.1657
Aug-21	1.2962	-0.0279	0.1642

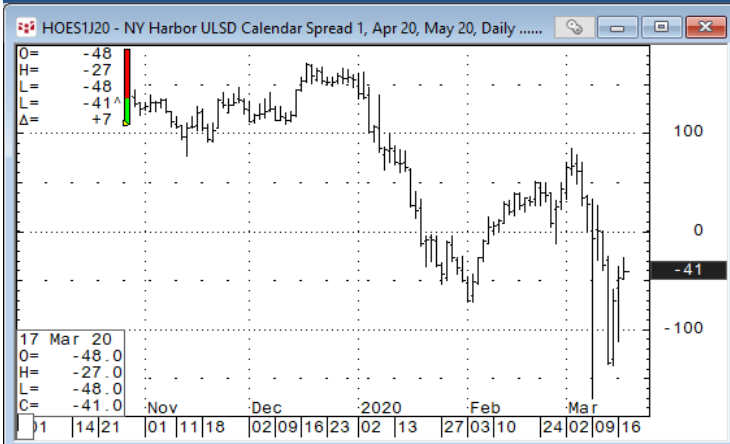
Sprague Heat Weighted Strip October -April 20/2021 \$1.2003

Other Front Month NYMEX	Close	Change
Crude - WTI	\$27.3300	-\$1.6700
Crude - Brent	\$28.7300	-\$1.3200
Natural Gas	\$1.7290	-\$0.0860
Gasoline	\$0.7114	\$0.0215

API Report for the Week Ending March 13, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 421,000 barrels	Up 3.3 million barrels
Cushing, OK Crude Stocks	Up 66,000 barrels	
Gasoline Stocks	Down 7.8 million barrels	Down 2.9 million barrels
Distillate Stocks	Down 3.6 million barrels	Down 1.9 million barrels
Refinery Runs	Up 160,000b/d	
Crude Imports	Down 254,000 b/d	

Heating Oil April-May Spread



Sprague HeatCurve October-April

