

Market Commentary

Recap: Oil futures gave up earlier gains to finish with a loss on Tuesday, with U.S. prices below \$50 a barrel for the first time in more than a year, as demand worries continue to plague the market. Prices fell even as the Organization of the Petroleum Exporting Countries and its allies considered deeper production cuts to stem a coronavirus-inspired tumble in the commodity that entered a bear market a day ago. Despite efforts by OPEC to prop up prices, the abrupt decrease in demand due to the coronavirus is playing a much bigger role than that of oversupply, making OPEC's efforts seem insignificant. WTI for March delivery fell 50 cents, or 1%, to settle at \$49.61 a barrel. Tuesday's settlement was the lowest since Jan. 7, 2019. April Brent fell 49 cents, or 0.9%, to \$53.96 a barrel, its lowest settlement since Dec. 31, 2018. March RBOB shed 2.1% to \$1.4432 a gallon and March heating oil added 0.4% to \$1.5839 a gallon.

Technical Analysis: Based upon a weekly spot continuation chart, WTI has broken below a long standing trend line set at \$50.46. Although the week is not yet complete, this is the level we would look out for. A settlement below this line sets up the possibility for a run at \$48.05, the low for June of 2017. Support is set at \$49.40 and below that at \$48.50. Resistance is set at \$50.46 and \$51.65.

Fundamental News: BP's CFO, Brian Gilvary, said the economic slowdown brought on by the virus will reduce oil consumption for the entire year by 300,000 bpd to 500,000 bpd, about 0.5% of global demand.

Valero Energy Corp's Chief Executive, Joseph Gorder, said the coronavirus outbreak is a "black swan event" whose economic impacts are not yet clear, adding that the real questions are the length and severity of the outbreak.

ConocoPhillips' Chief Executive, Ryan Lance, said it expects demand growth to slow due to the coronavirus. It expects demand growth in 2020 to be lower by 100,000 to 200,000 bpd from its earlier projection of 1 million bpd. He expects build up in storage in the US and in non-OPEC countries, which will put some pressure on oil prices.

Goldman Sachs said 2020 global growth will take a modest hit from the outbreak of the coronavirus. It estimated that annual average global GDP growth will fall by 0.1 to 0.2%. Goldman Sachs also stated that the global oil market expects the coronavirus outbreak to create a large demand shock and keep volatility in spot prices elevated. The market is pricing in a 500,000 bpd average year-on-year loss in oil demand for 2020.

Venezuela's oil exports fell almost 14% in January compared with December, while crude inventories continued to decline. PDVSA and its joint ventures exported 951,903 bpd of crude and refined products last month compared with 1.1 million bpd in December and 1.38 million bpd in January 2019.

Russia's Energy Minister, Alexander Novak, said he could not say for sure if it was time to tighten oil output cuts amid an outbreak of a new coronavirus and a fall in oil prices. He said OPEC and its allies might convene before the meeting which is currently scheduled for early March. Three OPEC+ sources and an industry source familiar with the discussions said on Monday that OPEC and its allies were considering cutting output by a further 500,000 bpd due to the impact on oil demand from the coronavirus. The Joint Technical Committee of the OPEC+ weighed the impact on global oil demand and economic growth from the coronavirus on Tuesday. Officials will continue meeting on Wednesday.

Libya's National Oil Corp reported that the country's oil production fell to 187,337 bpd as of Tuesday due to a blockade.

Early Market Call - as of 8:30 AM EDT

WTI - Mar \$50.94, up \$1.33

RBOB - Mar \$1.4744, up 3.15 cents

HO - Mar \$1.6305, up 4.65 cents

All NYMEX | Prior Settlements

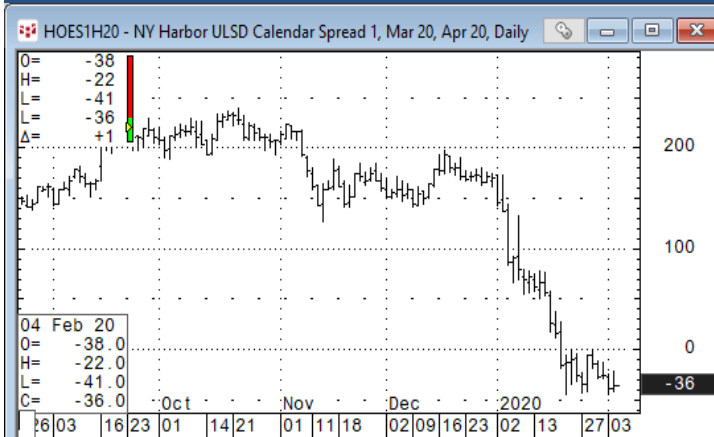
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-20	1.5839	0.0060	0.1323
Apr-20	1.5875	0.0059	0.1297
May-20	1.5929	0.0047	0.1259
Jun-20	1.6014	0.0044	0.1195
Jul-20	1.6108	0.0047	0.1124
Aug-20	1.6200	0.0048	0.1064
Sep-20	1.6296	0.0049	0.1016
Oct-20	1.6381	0.0046	0.0977
Nov-20	1.6451	0.0043	0.0944
Dec-20	1.6501	0.0038	0.0924
Jan-21	1.6560	0.0035	0.0904
Feb-21	1.6587	0.0032	0.0876
Mar-21	1.6564	0.0033	0.0837
Apr-21	1.6496	0.0038	0.0778
May-21	1.6502	0.0044	0.0714
Jun-21	1.6516	0.0047	0.0669
Jul-21	1.6554	0.0056	0.0635

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$49.8000	-\$0.4800
Crude - Brent	WTI Spread	\$53.9600	-\$0.4900
Natural Gas	\$4.16	\$1.8720	\$0.0530
Gasoline		\$1.4432	-\$0.0305

API Report for the Week Ending January 31, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 4.2 million barrels	Up 2.8 million barrels
Cushing, OK Crude Stocks	Up 957,000 barrels	
Gasoline Stocks	Up 2 million barrels	Up 2.1 million barrels
Distillate Stocks	Down 1.8 million barrels	Down 100,000 barrels
Refinery Runs	Down 136,000 b/d	
Crude Imports	Up 461,000 barrels per day	

Heating Oil Mar-Apr Spread



RBOB Mar-Apr Spread

