

## Market Commentary

**Recap:** Just one day after falling by 7%, crude oil futures seesawed on Friday, turning to the upside, as traders reacted to reports of a drone attack on one of Saudi Arabia's oil facilities, and on what was most likely trader stabilization ahead of the weekend. Despite a higher dollar, which typically pressures prices, oil futures headed higher on what was most likely encompassed technical buying. With COVID concerns rising, it is likely that OPEC+ will extend production cuts, and lower prices will reduce the incentive for U.S. shale producers to ramp up production. So what does this mean for oil prices, perhaps more sideways trading? April WTI climbed \$1.42, or 2.4%, to settle at \$61.42 a barrel. The May WTI, the most-actively traded contract, tacked on \$1.38, or 2.3%, to settle at \$61.44 a barrel. For the week, WTI crude lost 6.4%, while Brent declined by 6.8%, the largest declines since October for both benchmarks, following big losses on Thursday, when WTI plunged 7.1%, while Brent dropped 6.9% for its biggest one-day percentage loss since June. April RBOB fell less than 0.1% to \$1.94 a gallon, ending 9.6% lower for the week, while April heating oil added 2.1% to \$1.82 a gallon, but saw weekly loss of 7.4%.

**Technical Analysis:** WTI experienced an inside trading session after gapping lower on the opening. Thursday's break below \$60 was short lived as volatility spread across the marketplace. Going forward, we expect to see continued irregularity, as this market has quite a bit of variables to contend with. April WTI pushed its way back above \$61 to re-enter the ascending channel it settled below on Thursday. This deemed the break to the downside invalid. At this point, we would look for continued choppy trading, with the market trending sideways. Resistance is set at \$63.76 and above that at \$65. Support is seen at \$60 and below that at \$58.72. If you read our commentary regarding the May21/Dec21 WTI spread, and sold it based upon the belief that this market was going to retrace to the downside, you should be making at least at \$1.00 on this trade. We still think that it has more room to narrow and are looking in the \$2.00 range.

**Fundamental News:** Baker Hughes reported that the number of rigs searching for oil in the week ending March 19<sup>th</sup> increased by 9 to 318. The number of oil rigs operating is down 346 from a year ago.

Yemen's Iran-aligned Houthi group on Friday said it hit a Saudi Aramco facility in Riyadh, in an attack comprising six armed drones. Saudi Arabia's Energy Ministry said the air attack on an oil refinery caused a fire that was brought under control. The attack did not result in injuries or deaths and did not disrupt the supply of oil or oil derivatives.

Goldman Sachs sees the oil price pullback as a buying opportunity and forecasts Brent crude will reach \$80/barrel this summer even as the recent rally in prices "takes a big breather." Despite the sharp drop in prices, Goldman expects rapid oil market rebalancing in the coming months. It said headwinds related to European Union demand and Iran supply would slow the oil market rebalancing by 750,000 bpd in the second quarter, although it expects OPEC+ will act to offset that. The bank sees OPEC+ production increasing by 2.8 million bpd by August, well above the ramp-up in production expected by OPEC and the International Energy Agency. The bank expects a significant increase in global oil demand in the coming months, comforted by demand indicators in areas of high COVID-19 vaccination, with its Brent forecast rising from \$65/barrel in March to \$80/barrel this summer. The bank said a faster pace of vaccination in the United States and greater fiscal spending create upside risks to its demand estimates.

IIR Energy reported that U.S. oil refiners are expected to shut in 3.2 million bpd of capacity in the week ending March 19<sup>th</sup>, increasing available refining capacity by 1.28 million bpd from the previous week.

**Early Market Call - as of 8:15 AM EDT**

WTI - Apr \$61.24, down 18 cents

RBOB - Apr \$1.9465, up 34 points

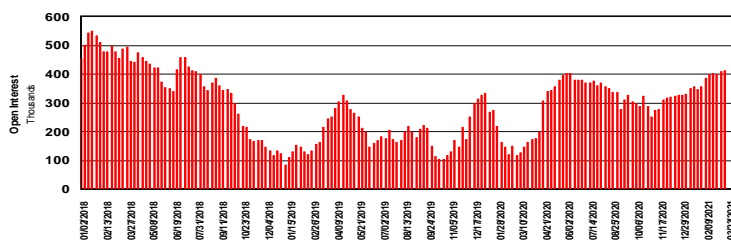
HO - Apr \$1.8103, down 1.2 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-21	1.8223	0.0381	0.1452
May-21	1.8220	0.0361	0.1418
Jun-21	1.8219	0.0349	0.1377
Jul-21	1.8231	0.0345	0.1335
Aug-21	1.8248	0.0342	0.1298
Sep-21	1.8278	0.0340	0.1254
Oct-21	1.8304	0.0338	0.1218
Nov-21	1.8324	0.0332	0.1189
Dec-21	1.8327	0.0322	0.1159
Jan-22	1.8347	0.0315	0.1125
Feb-22	1.8346	0.0309	0.1091
Mar-22	1.8298	0.0303	0.1055
Apr-22	1.8188	0.0300	0.1015
May-22	1.8124	0.0293	0.0986
Jun-22	1.8089	0.0288	0.0951
Jul-22	1.8108	0.0281	0.0919
Aug-22	1.8122	0.0274	0.0894

Sprague HeatCurve October 2021-April 2022		Close	Change
Crude - WTI	May Brent-WTI Spread \$3.09	\$61.4400	\$1.3800
Crude - Brent		\$64.5300	\$1.2500
Natural Gas		\$2.5350	\$0.0540
Gasoline		\$1.9431	-\$0.0010

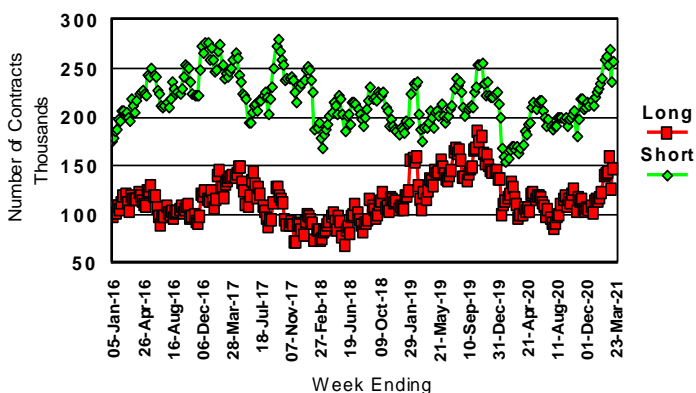
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending March 12, 2021

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

