

Market Commentary

Recap: Brent oil futures headed lower on Thursday, while WTI held firm, as trade talks between the U.S. and China remained unresolved. Signs of a weakening global economy kept oil prices below recent four month highs. April Brent futures lingered below unchanged, peaking the session at \$66.38 a barrel. WTI for April delivery tacked on as much as 0.86 percent, to trade at a session high of \$57.43 a barrel. April Brent remained under pressure up until the session's end to expire at \$66.03 a barrel, down 36 cents, or 0.54 percent. April WTI gained 28 cents, up 0.49 percent, to settle at \$57.22 a barrel. WTI, basis the spot month contract, finished the month up over 6 percent in February. Oil futures posted gains for the second straight month. March RBOB shed 0.3% at \$1.629 a gallon, for a monthly rise of more than 19%, and March heating oil added about 0.1% to \$2.024 a gallon—ending 7.7% higher for the month. The March contracts expired at the end of the day's session.

Technical Analysis: The \$57.50 level in WTI continues to hold as a key level of resistance, despite attempts to trade and hold above it. We would continue to look for this market to trade sideways, trading between the 50-day moving average, currently set at \$52.44 and \$57.80. Resistance is set at \$59.50. To the downside, support is \$55.00 and below that at \$53.96.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, February 26th increased by 1,105,389 barrels on the week and by 373,401 barrels from Friday, February 22nd.

The US Energy Department is offering up to six million barrels of sweet crude from the national emergency reserve in a sale mandated by a previous law to raise funds to modernize the facility. A law US President Donald Trump signed last year requires the department to hold sales to fund \$300 million improvements including work on shipping terminals to the SPR.

The US Energy Secretary, Rick Perry, said the US needs to be cautious about legislation allowing the Trump administration to sue OPEC and other oil producers over supply cuts because it could have the unintended consequences of higher prices in the long term.

US President, Donald Trump, said his summit with North Korea's leader, Kim Jong Un, in Vietnam failed to reach an agreement due to North Korean demands to lift US-led sanctions. He said the difference will be bridged over time.

In a monthly report, the EIA reported that US crude oil production fell in December to 11.85 million bpd. It is the first decline since May. Production fell by 56,000 bpd from a record 11.91 million bpd in November.

Saudi Arabia cut its crude supply to plants located on the US Gulf Coast by more than half from a year ago. Saudi Aramco shipped just 1.6 million barrels of its oil to US Gulf Coast buyers this month, compared with 5.75 million bpd a year ago.

Libya's El Sharara oilfield remains closed on Thursday. The 315,000 bpd oilfield has been closed since December when state guards and tribesmen seized it and made financial demands.

National Economic Council Director, Larry Kudlow, said that trade talks between the US and China are going great, noting the two countries are making fantastic progress in meetings last week. He said China expressed willingness to make key structural changes to prevent intellectual property theft. Meanwhile, The US Trade Representative, Robert Lighthizer, said China needed to do more than just buy more US goods for the two countries to strike a permanent trade deal. However, he said formal steps would be taken to abandon plans of raising tariffs on Chinese goods.

Early Market Call - as of 9:05 AM EDT

WTI - Apr \$57.08, down 15 cents

RBOB - Mar \$1.7503, down 20 points

HO - Mar \$2.0165, down 1.11 cents

All NYMEX | Prior Settlements

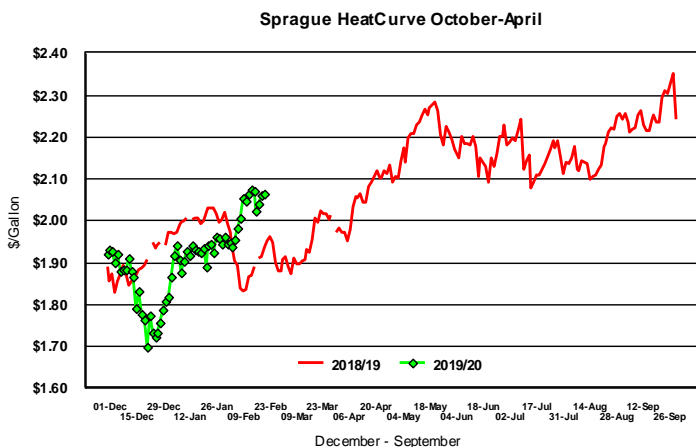
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-19	\$2.0235	\$0.0019	-\$0.0128
Apr-19	\$2.0273	\$0.0052	-\$0.0074
May-19	\$2.0217	\$0.0037	-\$0.0103
Jun-19	\$2.0184	\$0.0028	-\$0.0120
Jul-19	\$2.0216	\$0.0024	-\$0.0124
Aug-19	\$2.0284	\$0.0021	-\$0.0116
Sep-19	\$2.0383	\$0.0017	-\$0.0110
Oct-19	\$2.0472	\$0.0014	-\$0.0110
Nov-19	\$2.0550	\$0.0012	-\$0.0113
Dec-19	\$2.0618	\$0.0010	-\$0.0116
Jan-20	\$2.0676	\$0.0007	-\$0.0115
Feb-20	\$2.0683	\$0.0005	-\$0.0109
Mar-20	\$2.0649	\$0.0006	-\$0.0100
Apr-20	\$2.0539	\$0.0006	-\$0.0092
May-20	\$2.0453	\$0.0006	-\$0.0097
Jun-20	\$2.0403	\$0.0006	-\$0.0108
Jul-20	\$2.0409	\$0.0007	-\$0.0110

Sprague HeatCurve Oct 2019-Apr 2020			\$2.0622
Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$57.6100	\$0.2400
Crude - Brent	WTI Spread	\$66.0300	-\$0.3600
Natural Gas	\$8.42	\$2.8120	\$0.0130
Gasoline		\$1.6293	\$0.0047

EIA Working Gas Storage Report

	22-Feb-19	15-Feb-19	Change	Year Ago
East	354	395	-41	385
Midwest	385	436	-51	402
Mountain	79	87	-8	103
Pacific	122	138	-16	191
South Central	598	649	-51	611
Salt	199	224	-25	182
Nonsalt	399	425	-26	431
Total	1,539	1,705	-166	1,693

Sprague HeatCurve Winter 2019/20



ICE May Brent-WTI Spread

