

## Market Commentary

**Recap:** Oil price jumped on Thursday after U.S. President Donald Trump tweeted that he had brokered a deal between Saudi Arabia and Russia that would take at least 10 million barrels of production off the market. Neither country has stepped forward to confirm this tweet. The question remains: even if the world's top three producers reach an unprecedented pact to curb output, can any deal remove enough oil when the coronavirus has destroyed a third of global demand. One thing, however, has become clear: as oil prices in the past three months made some of their biggest gyrations in history, taking action will prove a severe, if not impossible, test for OPEC+, the informal grouping that had propped up crude prices for three years until their agreement collapsed in March. WTI for May delivery rose as much as 34.8%, to a session high of \$27.39 a barrel, before severing gains to settle at \$25.32 a barrel, up \$5.01, or 24.67%. June Brent delivery added \$5.20, or 21.02%, to settle at \$29.94 a barrel. May RBOB finished up 21.3% at 66.28 cents a gallon. May heating oil added 6.7% to 99.51 cents a gallon after settling Wednesday at the lowest for a front-month contract since early 2016.

**Technical Analysis:** WTI surged immediately above \$27 a barrel after Trump's tweet but quickly corrected to lower levels. At this point in time, it is difficult to get excited about this higher move, given the impact the coronavirus is having on the global economy and demand for oil. It is still too early to tell if WTI can hold above the \$25 level, at therefore we have not bought into this higher move, although the settlement in the May contract is encouraging. Support is now set at \$25 and below that \$23.70. Resistance is set at \$27.50 and above that at \$30.

**Fundamental News:** The Brent crude oil benchmark fell to a new record discount to Brent crude futures at about \$10/barrel, highlighting the oversupply in world markets. The benchmark was \$15/barrel on Wednesday after the Brent contract settled at \$24.74/barrel. Genscape reported that crude oil stocks held in Cushing, Oklahoma on Tuesday, March 31<sup>st</sup> increased by 5,559,390 barrels on the week and by 4,108,824 barrels from Friday, March 27<sup>th</sup> to 48,940,859 barrels.

The US Energy Department said it announced a solicitation to lease space in the country's SPR for an initial 30 million barrels of oil. The department said it intends to eventually lease storage for an additional 47 million barrels, which would fill the SPR to capacity. The move is an attempt to help crude drillers store oil at current low prices.

On Wednesday, US President, Donald Trump, said he recently spoke with the leaders of both Russia and Saudi Arabia and believed the two countries would make a deal to end their price war within a "few days". He also stated that he invited US oil executives to the White House to discuss ways to help the industry "ravaged" by declining energy demand during the coronavirus outbreak and the Saudi Arabia/Russia price war. On Thursday, Saudi Arabia's state news agency reported that Saudi Crown Prince Mohammed bin Salam and US President Donald Trump spoke over the phone on Thursday and discussed global energy markets. US President, Donald Trump, said he had spoken to Saudi Arabia's Crown Prince and he expects Saudi Arabia and Russia to cut oil output by 10 million bpd. A senior administration official said the US does not know the formal details of the Saudi Arabian and Russian plans to cut oil production and added that the US will not ask domestic producers to cut their production.

Saudi Arabia called for an OPEC+ emergency meeting to stabilize the oil market. Saudi Arabia said it aims to reach a fair oil agreement to stabilize the oil market.

Russia's Energy Minister, Alexander Novak, said Russia has no plans to increase its oil output because the market is already oversupplied. He also stated that Russia's President, Vladimir Putin, had no immediate plans to have a phone conversation with the Saudi leadership about the oil market. He said an OPEC deal would not be effective today.

**Early Market Call - as of 8:30 AM EDT**

WTI - May \$27.38, up \$2.08

RBOB - May \$7.777, up 7.60 cents

HO - May \$1.0864, up 9.27 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-20	0.9951	0.0628	0.0554
Jun-20	1.0204	0.0676	0.0449
Jul-20	1.0547	0.0704	0.0304
Aug-20	1.0949	0.0711	0.0145
Sep-20	1.1341	0.0704	0.0018
Oct-20	1.1643	0.0682	-0.0045
Nov-20	1.1843	0.0657	-0.0048
Dec-20	1.1984	0.0634	-0.0043
Jan-21	1.2121	0.0615	-0.0051
Feb-21	1.2235	0.0599	-0.0062
Mar-21	1.2346	0.0583	-0.0086
Apr-21	1.2445	0.0574	-0.0116
May-21	1.2560	0.0557	-0.0115
Jun-21	1.2671	0.0535	-0.0100
Jul-21	1.2841	0.0517	-0.0090
Aug-21	1.2990	0.0501	-0.0084
Sep-21	1.3101	0.0484	-0.0073

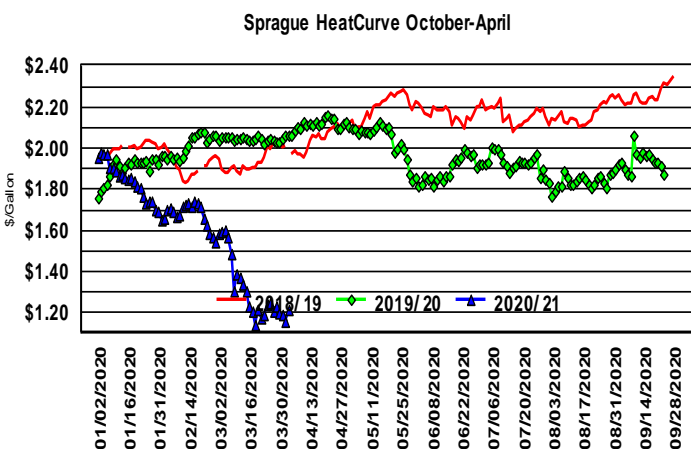
## Sprague Heat Weighted Strip October -April 20/2021 \$1.2115

Other Front Month NYMEX		Close	Change
Crude - WTI	June Brent-	\$28.0500	\$4.3100
Crude - Brent	WTI Spread	\$29.9400	\$5.2000
Natural Gas	\$1.89	\$1.5520	-\$3.5000
Gasoline		\$0.6628	\$0.1163

## EIA Working Gas Storage Report

	27-Mar-20	20-Mar-20	Change	Year Ago
East	382	398	-16	214
Midwest	476	492	-16	243
Mountain	92	92	0	63
Pacific	197	194	3	110
South Central	840	829	11	492
Salt	256	258	-2	151
Nonsalt	585	571	14	342
Total	1,986	2,005	-19	1,123

## Sprague HeatCurve October-April



## ICE June Brent-WTI Spread

