

Market Commentary

Recap: The coronavirus continues to pressure the global oil market, as it is still unclear as to how great an impact this will have on demand. Various estimates project that the coronavirus will shave 250,000 bpd to 500,000 bpd off global oil consumption this year. However, viruses can take uncertain turns, spreading wider and linger longer than initially thought. Meanwhile, OPEC and its partners are scrambling to agree on a policy response to the expanding demand shock, slowed by Russian opposition to deeper output cuts. Not even a 20% decline in oil prices over the past four has convinced the Kremlin to act on a proposal from Saudi Arabia to aggressively cut production by a further 600,000 bpd. And oil prices could be set to fall further if OPEC+ refrains from taking action. April WTI fell \$1.53, or 3%, to settle at \$49.90 a barrel for the lowest front-month contract finish since Feb. 10, while April Brent dropped \$1.35, or 2.4%, to end at \$54.95 a barrel. That was the lowest settlement since Feb. 11. March RBOB fell 4.8% to \$1.5324 gallon, while March heating oil settled at \$1.5685 a gallon, down 2.8%.

Technical Analysis: Oil prices tried to rally on Tuesday, but encountered resistance at the 10-day moving average, which is currently set at \$51.94. In late session trading, April WTI broke below key psychological support at \$50.00. The settlement below this level indicates a major breakdown, and puts this market in a position to test support set at \$48.11. Prior to this level, additional support is set at \$49.50. Resistance is set at \$51.45 and above that at \$51.94.

Fundamental News: The US Centers for Disease Control and Prevention alerted Americans to begin preparing for the spread of the coronavirus in the US after the virus spread in several more countries. Dr. Nancy Messonnier, the CDC head of respiratory diseases, said "the data of over the past week about the spread in other countries has raised our level of concern and expectations that we are going to have community spread here." What is not known, is when it will arrive and how severe a US outbreak might be. Separately, US Health and Human Services Secretary, Alex Azar, told a Senate subcommittee there will likely be more cases in the US, and asked lawmakers to approve \$2.5 billion in funding to fight the outbreak.

Saudi Aramco's CEO, Amin Nasser, said Saudi Aramco had to deal with minimal impact after global oil demand fell due to new coronavirus cases.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said he was confident that OPEC and its non-OPEC allies, the so-called OPEC+ group, would respond responsibly to the spread of the coronavirus. He said OPEC+ should not be complacent about the coronavirus. He also said Saudi Arabia and Russia would continue to engage regarding oil policy. He said he was still speaking with Russia and that he was confident of Saudi Arabia's partnership with the rest of the OPEC+ group.

IEA Executive Director, Fatih Birol, said the IEA's outlook on global oil demand growth has decline to its lowest level in a decade. He added that it could be reduced further due to the impact of the coronavirus outbreak. Demand is expected to contract by 435,000 bpd in the first quarter, the first quarterly decline since the financial crisis. For 2020 as a whole, the IEA has lowered its global demand growth forecast by 365,000 bpd to 825,000 bpd.

The Chief Executive of Schlumberger said US shale oil output growth will slow to 600,000 to 700,000 bpd in 2020 and to 200,000 bpd in 2021. He said lower oil prices and investor demand for higher returns have forced US shale producers to scale back investment and production growth plans.

Libya's National Oil Corp said the country's oil production stands at 122,430 bpd as of February 23rd. Forces allied to eastern commander Khalifa Haftar closed major oil ports and fields a month ago in a power play with the Tripoli-based government.

Early Market Call - as of 8:30 AM EDT

WTI - Apr \$49.22, down 69 cents

RBOB - Mar \$1.4883, down 4.27 cents

HO - Mar \$1.5300, down 3.82 cents

All NYMEX | Prior Settlements

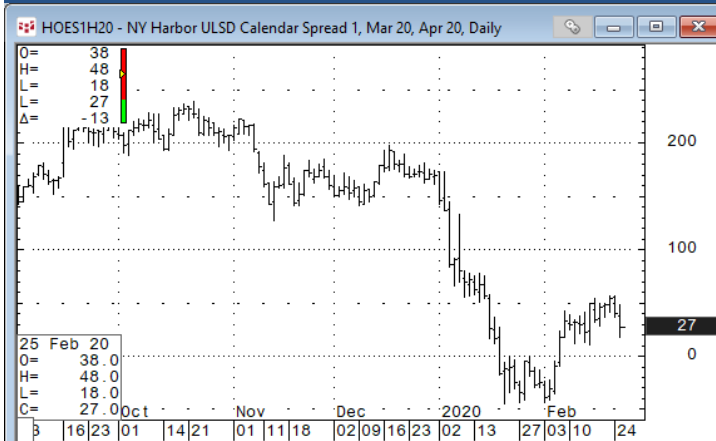
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-20	1.5685	-0.0447	0.1383
Apr-20	1.5657	-0.0435	0.1364
May-20	1.5620	-0.0432	0.1367
Jun-20	1.5627	-0.0430	0.1364
Jul-20	1.5676	-0.0429	0.1355
Aug-20	1.5761	-0.0424	0.1340
Sep-20	1.5868	-0.0419	0.1324
Oct-20	1.5973	-0.0413	0.1306
Nov-20	1.6069	-0.0406	0.1285
Dec-20	1.6149	-0.0398	0.1258
Jan-21	1.6231	-0.0388	0.1227
Feb-21	1.6275	-0.0379	0.1195
Mar-21	1.6269	-0.0375	0.1155
Apr-21	1.6220	-0.0371	0.1111
May-21	1.6240	-0.0371	0.1073
Jun-21	1.6281	-0.0364	0.1030
Jul-21	1.6356	-0.0358	0.0991

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$49.9000	-\$1.5300
Crude - Brent	WTI Spread	\$54.9500	-\$1.3500
Natural Gas	\$5.05	\$1.8470	\$0.0200
Gasoline		\$1.5324	-\$0.0767

API Report for the Week Ending February 21, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 1.3 million barrels	Up 2 million barrels
Cushing, OK Crude Stocks	Up 411,000 barrels	
Gasoline Stocks	UP 74,000 barrels	Down 2.2 million barrels
Distillate Stocks	Down 700,000 barrels	Down 1.7 million barrels
Refinery Runs	Down 282,000 b/d	Down 0.7% at 88.7%
Crude Imports	Down 280,000 b/d	

Heating Oil Mar-Apr Spread



RBOB Mar-Apr Spread

