



MarketWatch | Refined Products

Wednesday, January 22, 2020

Market Commentary

Recap: Crude oil prices finished lower on Tuesday as investor worries about rising global supplies and a potential slowdown in global economic growth overshadowed a supply disruption in the Middle East due to unrest in Libya and Iraq. Crude oil futures experienced a brief stint to the upside after the largest oil field in Libya shut down production after armed forces cut off a pipeline and blocked exports. According to Reuters, the blockades in the east and west of the country have hindered oil production and forced output stoppages. March WTI rose to a high of \$59.77 a barrel, a gain of \$1.19, or 2% before turning lower. March WTI, the new spot contract declined 20 cents, or 0.3%, to settle at \$58.38 a barrel. The February contract, which expired at the end of the regular trading session, lost 20 cents, or 0.3%, to finish at \$58.34 a barrel. March Brent lost 61 cents, or 0.9%, Tuesday to \$64.59 a barrel. February RBOB fell by nearly 0.3% to \$1.6365 a gallon and February heating oil lost 1.6¢ to \$1.8292 a gallon. The API is scheduled to release its data for the latest week at 4:30 pm EST on Wednesday, and the weekly EIA report is due out at 11 am on Thursday.

Technical Analysis: March WTI continues to find support at \$57.79, the 50% retracement provided by the October low of \$50.18 and the January high of \$65.40. Barring any major shift in the underlying fundamentals of this market, we would look for continued sideways trading, with support provided by the aforementioned retracement level and below that at the 200-day moving average currently set at \$57.08. To the upside, resistance is set at the 50 and 10-day moving averages which are \$58.65 and \$58.92 respectively.

Fundamental News: Genscape reported it estimates crude oil storage in Cushing at 36,608,251 barrels as of Friday January 17th, down 1,066,547 barrels from the previous week.

Reuters reported that it is tracking an increase in diesel and gasoil flows from the United States moving into the Western Europe this week. It estimates that four tankers carrying a combined 161,000 tons of distillate are expected to discharge into Europe this week, up from just 60,000 tons last week. Reuters estimates that some 431,000 tons of distillate from the U.S. has already arrived in Europe this month, up from just 352,000 tons in all of December.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said it is important for OPEC+ to meet in March to review its current deal. He said Russia is not contemplating quitting the OPEC+ deal in March.

International Energy Agency Executive Director, Fatih Birol, said a surplus of one million bpd of oil is expected to limit prices in the first half of 2020. He told the Reuters Global Markets Forum on the sidelines of the World Economic Forum meeting in Davos, Switzerland that prices could not be expected to increase significantly under "normal conditions" although unexpected developments, such as rising instability in Iraq, could alter the situation.

Barclays Bank on Tuesday raised its 2020 oil demand forecast by 50,000 b/d as a result of a stronger than expected recovery in global economic growth. The investment bank now sees global oil demand will grow by 1.4 million b/d in 2020, versus a growth rate of 900,000 b/d in 2019. The bank also raised its demand forecast for both the United States and China in 2020 as a result of the recent Phase 1 trade deal being reached. Barclays though left unchanged its price forecast for 2020 with WTI prices averaging \$57 per barrel and Brent \$62.00 per barrel.

Early Market Call - as of 8:10 AM EDT

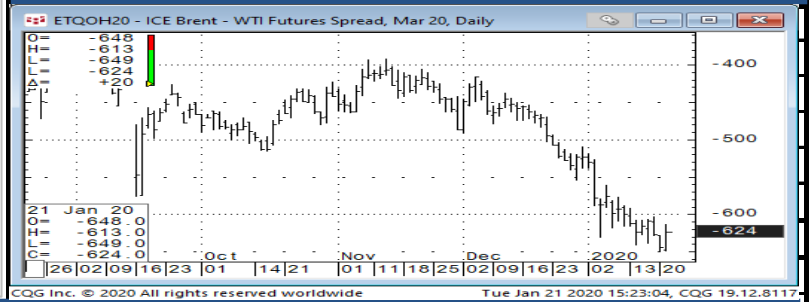
WTI - Mar \$57.84 down 0.54
 RBOB - Feb \$1.6277 down .0091
 HO - Feb \$1.8116 down .0174

All NYMEX | Prior Settlements

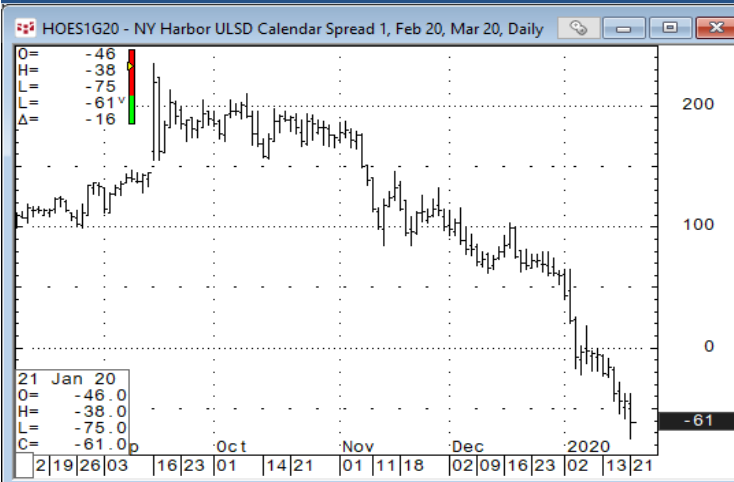
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-20	1.8292	-0.0300	0.0756
Mar-20	1.8347	-0.0290	0.0773
Apr-20	1.8362	-0.0258	0.0686
May-20	1.8375	-0.0226	0.0596
Jun-20	1.8386	-0.0206	0.0518
Jul-20	1.8403	-0.0193	0.0468
Aug-20	1.8421	-0.0180	0.0428
Sep-20	1.8441	-0.0170	0.0396
Oct-20	1.8450	-0.0155	0.0370
Nov-20	1.8454	-0.0138	0.0347
Dec-20	1.8447	-0.0121	0.0332
Jan-21	1.8443	-0.0110	0.0319
Feb-21	1.8393	-0.0102	0.0307
Mar-21	1.8285	-0.0097	0.0298
Apr-21	1.8106	-0.0091	0.0284
May-21	1.7993	-0.0088	0.0274
Jun-21	1.7916	-0.0092	0.0274

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$58.3800	-\$0.2000
Crude - Brent	WTI Spread	\$64.5900	-\$0.6100
Natural Gas	\$6.21	\$1.8950	-\$0.1080
Gasoline		\$1.6365	-\$0.0041

ICE March Brent-WTI Spread



Heating Oil Feb-Mar Spread



RBOB Feb-Mar Spread

