

Market Commentary

Recap: Oil futures gave up early gains on Tuesday to settle lower, pressured after the EIA lowered its 2020 forecast for WTI and Brent prices and its outlook for domestic production for this year and next. The government agency cut its expectations for 2020 U.S. crude production by 9.5%, to 11.76 million barrels a day—less than some may have expected. Adding to the pressure is the upcoming meeting between OPEC and other major producers, who are expected to agree to reduce output, but only if the U.S. joins in with its own cuts. WTI for May delivery fell \$2.45, or 9.4%, to settle at \$23.63 a barrel, while June Brent lost \$1.18, or 3.6%, to settle at \$31.86 a barrel. May RBOB shed 7.6% to 64.82 cents a gallon and May heating oil lost 1.7% to \$1.0275 a gallon.

Technical Analysis: The \$25 level in WTI failed to hold up as a level of support, while the threat of a major recession hangs over the market. While the main trend shifted to the upside on Friday, the current fundamentals are just too strong at this point. The short term range appears to be set between \$30.00 and \$19.27. The 10-day moving average appears to have shifted into a pivotal area and now stands at a level of resistance set at \$24.56, with additional resistance set at \$27.60. Support is seen at \$19.27.

Fundamental News: U.S. President Donald Trump on Monday said that OPEC had not asked him to urge domestic oil producers to cut production to support prices. He also said that U.S. output was declining in response to falling prices. The US Department of Energy said that US output is already falling without government action, in line with the White House's insistence that it would not intervene in the private markets.

Saudi Arabia, Russia and allied oil producers will only agree to deep cuts to their crude output at talks this week if the US and other producers join in. An OPEC source stated that any final agreement for how much OPEC and its allies will cut during their talks on Thursday would depend on the volumes that other producers such as the United States, Canada and Brazil are willing to reduce. The source said that the baseline for the oil cuts has not yet been agreed on among the oil producers, after crude output from some members increased in April following the expiry of an OPEC+ pact on reducing output on March 31st. Following the OPEC+ talks on Thursday, Saudi Arabia will host a video conference on Friday for energy ministers from the Group of 20 major economies "to ensure energy market stability".

In its Short Term Energy Outlook, the EIA cut its 2020 world oil demand growth forecast by 5.6 million bpd to 5.23 million bpd. It raised its oil demand growth estimate for 2021 by 4.68 million bpd to 6.41 million bpd. The EIA also reported that US petroleum and other liquid fuels demand is expected to fall by 1.33 million bpd to 19.13 million bpd in 2020, compared with an increase of 60,000 bpd forecast last month. US petroleum demand is expected to increase by 1.26 million bpd to 20.39 million bpd in 2021, compared with an increase of 200,000 bpd forecast last month. The EIA also reported that US crude oil output in 2020 is expected to fall by 470,000 bpd to 11.76 million bpd, while output in 2021 is expected to fall by 730,000 bpd to 11.3 million bpd. Separately, the US Energy Department said US oil drillers are expected to reduce its oil output by about 2 million bpd as the fall in crude prices forces companies to cut back operations. It said the cuts were driven by the private sector and the free market.

Volumes of diesel and gasoil arriving into Europe from the US was expected to remain low this week, with only two vessels currently expected to arrive in the region due to poor transatlantic arbitrage economics during March and a sharp increase in arrivals from the East of Suez this month. According to Refinitiv tanker tracking data, March arrivals from the US had closed at 570,000 tons, while April arrivals were currently 160,000 tons.

Early Market Call - as of 8:25 AM EDT

WTI - May \$23.99, up 35 cents

RBOB - May \$6.443, down 39 points

HO - May \$1.0342, up 67 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-20	1.0275	-0.0182	-0.0260
May-20	1.0563	-0.0176	-0.0387
Jun-20	1.0951	-0.0147	-0.0536
Jul-20	1.1347	-0.0137	-0.0608
Aug-20	1.1713	-0.0130	-0.0632
Sep-20	1.1991	-0.0120	-0.0625
Oct-20	1.2174	-0.0115	-0.0597
Nov-20	1.2310	-0.0100	-0.0581
Dec-20	1.2453	-0.0085	-0.0578
Jan-21	1.2570	-0.0076	-0.0576
Feb-21	1.2679	-0.0070	-0.0570
Mar-21	1.2750	-0.0078	-0.0544
Apr-21	1.2832	-0.0082	-0.0497
May-21	1.2918	-0.0085	-0.0451
Jun-21	1.3084	-0.0082	-0.0430
Jul-21	1.3240	-0.0073	-0.0422
Aug-21	1.3364	-0.0064	-0.0421

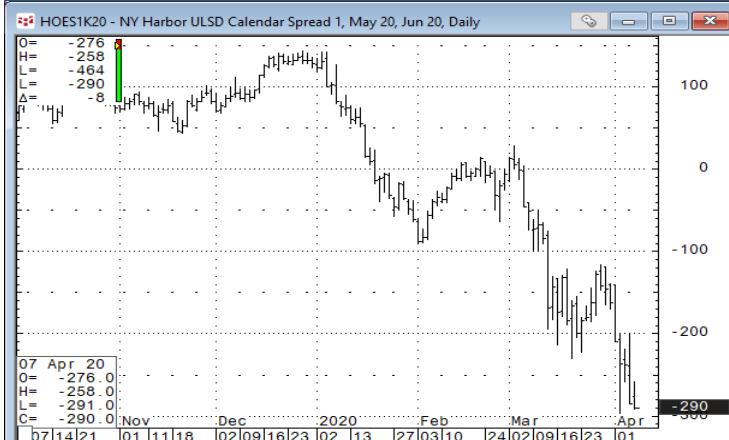
Sprague Heat Weighted Strip October -April 20/2021 **\$1.2446**

Other Front Month NYMEX		Close	Change
Crude - WTI	June Brent-	\$28.6900	-\$1.2900
Crude - Brent	WTI Spread	\$31.8700	-\$1.1800
Natural Gas	\$3.18	\$1.8520	\$0.1210
Gasoline		\$0.6482	-\$0.0534

API Report for the Week Ending April 3, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 11.9 million barrels	Up 9.3 million barrels
Cushing, OK Crude Stocks	Up 6.8 million barrels	
Gasoline Stocks	Up 9.4 million barrels	Up 5.4 million barrels
Distillate Stocks	Down 177,000 barrels	Down 3.5/Build 3 mb
Refinery Runs	Down 1.1million b/d	down 2.25 million b/d
Crude Imports	Down 153,000 bpd	

Heating Oil May-June Spread



Sprague HeatCurve October-April

