

## Market Commentary

**Recap:** Global crude oil prices plummeted on Monday to their lowest level in 18 years amid continued concerns over the impact the coronavirus pandemic was having on demand and as the price war between Russia and Saudi Arabia remained unresolved. May WTI fell 6.6%, or \$1.42, to settle at \$20.09, its lowest level since February 2002. Earlier in the session the contract shed more than 9% to trade at a session low of \$19.27. The contract had briefly traded below the key \$20 per barrel mark on March 20, although it was in thin trading on a contract that was set to expire. Brent for May delivery lost \$2.17, or 8.7% to settle at \$22.76 a barrel. Earlier in the session, Brent fell as low as \$21.65 per barrel, its lowest since March 2002. April RBOB added 2.1% to 58.55 cents a gallon and April heating oil dropped 4.6% to \$1.0194 a gallon. The April contracts expire at Tuesday's settlement.

**Technical Analysis:** Both the physical and technical meltdown in oil prices continued on Monday and with demand expected to nosedive in April, prices fell into fresh lows. The imbalance between supply and demand will remain the key catalyst for prices, while the OPEC+ deal is about to end and Saudi Arabia and Russia promising to increase output, it looks like this market isn't about to stabilize any time soon. With that being said, we would look for continued tests at the \$20 level, with settlement below leading toward a technical goal of \$15. Resistance remains at \$25 and above that at \$27.50.

**Fundamental News:** Genscape reported that US crude oil stocks held in Cushing, Oklahoma in the week ending Friday, March 27<sup>th</sup>, increased by 4,040,949 barrels on the week and by 1,450,566 barrels from Tuesday, March 24<sup>th</sup> to 44,832,034 barrels.

An official from Saudi Arabia's Energy Ministry said Saudi Arabia was not in talks with Russia to balance the oil markets despite an attempt by Moscow to increase the members of OPEC+. There was no discussion of a joint agreement to balance oil markets. The comments came after a senior Russian official said that a larger number of oil producers could cooperate with OPEC and Russia.

Several OPEC members, largely bystanders suffering amid the Saudi-Russia price war, continue to press for a new production agreement to stem the price decline. According to sources, Algeria's Energy Minister, Mohamad Arkab, and his staff have been active in attempting to round up enough support to try and convince Saudi Arabia to consider an alternative agreement. However, Saudi Arabia is so far standing firm in its plans to increase its production starting next month.

The Kremlin said US President, Donald Trump, and Russia's President, Vladimir Putin, agreed during a phone call on Monday to have their top energy officials meet to discuss declining global oil markets. They discussed the oil market situation and the spread of coronavirus.

A Saudi Energy Ministry official said Saudi Arabia plans to increase its petroleum exports by 600,000 bpd to 10.6 million bpd starting from May due to burning less oil for power generation at home and lower domestic consumption. He said the increase in exports is due to displacing crude with natural gas and a decline in local demand. The shift in wording in Monday's statement to "petroleum exports" suggests that now some of the volumes could include refined products, condensates or NGLs. Saudi Arabia exported 7.29 million bpd of crude and 748,000 bpd of refined products in January.

Goldman Sachs said demand this week is down an estimated 26 million bpd. It said it is impossible to shut down that much demand without large and persistent ramifications to supply. It added that while markets like WTI can go negative, Brent is likely to remain near cash costs of \$20/barrel. It said the oil price war made irrelevant by a large decline in demand and made coordinated supply response impossible to achieve in time.

**Early Market Call - as of 8:25 AM EDT**

WTI - May \$20.83, up 74 cents

RBOB - Apr \$.6060, up 2.05 cents

HO - Apr \$1.0448, up 2.54 cents

## All NYMEX | Prior Settlements

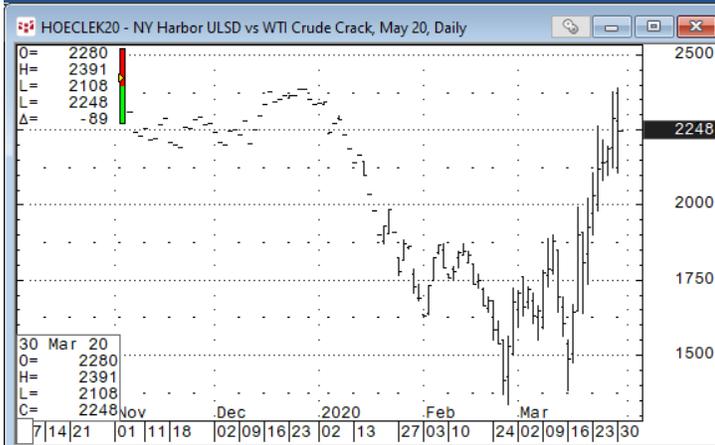
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-20	1.0194	-0.0491	-0.0033
May-20	1.0153	-0.0532	0.0091
Jun-20	1.0298	-0.0525	0.0144
Jul-20	1.0518	-0.0507	0.0168
Aug-20	1.0824	-0.0461	0.0115
Sep-20	1.1149	-0.0411	0.0052
Oct-20	1.1432	-0.0367	0.0000
Nov-20	1.1651	-0.0340	-0.0026
Dec-20	1.1807	-0.0324	-0.0029
Jan-21	1.1954	-0.0308	-0.0040
Feb-21	1.2073	-0.0295	-0.0058
Mar-21	1.2193	-0.0270	-0.0092
Apr-21	1.2297	-0.0242	-0.0128
May-21	1.2440	-0.0222	-0.0152
Jun-21	1.2589	-0.0200	-0.0160
Jul-21	1.2782	-0.0185	-0.0164
Aug-21	1.2945	-0.0173	-0.0163

Sprague Heat Weighted Strip October -April 20/2021		\$1.1945	
Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent- WTI Spread	\$20.0900	-\$1.4200
Crude - Brent	WTI Spread	\$22.7600	-\$2.1700
Natural Gas	\$2.67	\$1.6900	\$0.0190
Gasoline		\$0.5855	\$0.0118

### ICE May Brent-WTI Spread



### May Heating Oil Crack Spread



### May RBOB Crack Spread

