

## Market Commentary

**Recap:** U.S. oil futures rose on Wednesday, supported by a more than 20% drop in U.S. gasoline inventories and progress on the \$2 trillion stimulus bill that Congress was expected to pass.

Although oil prices received a boost, underlying fundamentals such as oversupply and waning demand continue to loom over this market and soon there will be nowhere to put the surplus in supplies. The outlook has turned "extremely pessimistic" amid the coronavirus pandemic, a survey by the Dallas Federal Reserve Bank of oil and gas companies showed on Wednesday. The Dallas Fed said its business activity index plunged from -4.2 in the fourth quarter to -50.9 in the first, the lowest reading in the survey's four-year history. Oil futures gave up early losses after the EIA report to finish slightly higher on the day. WTI for May delivery added 48 cents, or 2% to settle at \$24.49 a barrel, while May Brent added 24 cents, or 0.88%, to settle at \$27.39 a barrel.

**Technical Analysis:** Crude oil prices seesawed on Wednesday, as the \$25 level continues to hold up as an area of resistance. Even if we see a break above this level, prices will have a tough time to the upside, as there is resistance set at \$27.50 and above that there is plenty of resistance at \$30. To the downside, support is set at \$23 and below that at \$20.50.

**Fundamental News:** The Trump administration is exploring whether it can find money in the US Department of Energy's budget to buy oil for the SPR after the funding was not included in the \$2 trillion stimulus package the Senate is expected to pass soon. The administration prefers that Congress fund the purchase, but that has been slowed down by lawmakers concerned that it would serve as a bailout for the oil industry. Energy Secretary, Dan Brouillette, said he has asked Congress for \$3 billion to buy 77 million barrels of oil for the SPR. He said the DOE would buy an initial 30 million barrels by the end of June.

US Senators and Trump administration officials reached an agreement on an economic stimulus bill to alleviate the economic impact of the coronavirus outbreak. The Senate will vote on the \$2 trillion package later on Wednesday and the House of Representatives is expected to follow suit soon after. Senate Democratic Leader Chuck Schumer called the measure "the largest rescue package in American history."

Rystad Energy said global oil demand could fall by as much as 4.9 million bpd or by about 4.9% in 2020 due to the coronavirus outbreak. Last week, the consultancy forecast it would fall by 2.8 million bpd in 2020. It said oil demand in April was forecast to fall by 16 million bpd. It forecast a fall in jet fuel demand year on year of 20% or 1.4 million bpd. It said demand for vehicle fuel would fall by 5.6% or by 2.8 million bpd year on year.

IIR Energy reported that US oil refiners are expected to shut in 1 million bpd of capacity in the week ending March 27<sup>th</sup>, cutting available refining capacity by 177,000 bpd from the previous week. Offline capacity is expected to increase to 1.2 million bpd in the week ending April 3<sup>rd</sup>.

The US Environmental Protection Agency will not appeal a court ruling that would sharply reduce its use of waivers exempting refineries from the country's biofuels regulation. The EPA had until Tuesday night to file a challenge, but by early Wednesday, no such filing had been entered in a case docket on the US government's electronic public access service for court records. The waiver program was cast into question in January after the 10<sup>th</sup> Circuit Court of Appeals ruled that the Trump administration had been too free with the waivers and set a standard for the exemptions that would greatly reduce the numbers of waivers the EPA can grant. Refiners involved in the court case have asked for a rehearing, but it is unclear if the requests would be granted in the absence of support from the EPA.

**Early Market Call - as of 8:35 AM EDT**

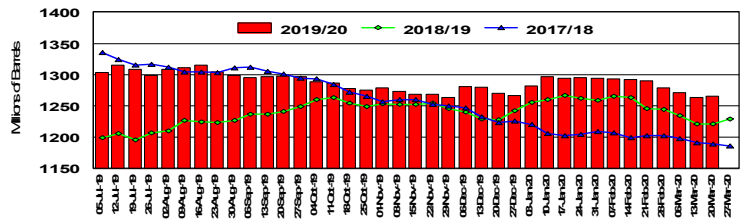
WTI - May \$23.63 down 86 cents per barrel  
 RBOB - Apr \$0.5377 down 91 points per gallon  
 HO - Apr \$1.0664 down 3.14 cents per gallon

## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Apr-20	1.0978	0.0175	-0.1436
May-20	1.0995	0.0159	-0.1368
Jun-20	1.1150	0.0137	-0.1341
Jul-20	1.1339	0.0117	-0.1267
Aug-20	1.1552	0.0102	-0.1225
Sep-20	1.1791	0.0102	-0.1206
Oct-20	1.2010	0.0108	-0.1192
Nov-20	1.2196	0.0114	-0.1175
Dec-20	1.2336	0.0113	-0.1145
Jan-21	1.2458	0.0110	-0.1106
Feb-21	1.2555	0.0111	-0.1074
Mar-21	1.2638	0.0109	-0.1049
Apr-21	1.2704	0.0109	-0.1041
May-21	1.2820	0.0112	-0.1023
Jun-21	1.2948	0.0105	-0.1005
Jul-21	1.3126	0.0098	-0.0994
Aug-21	1.3281	0.0092	-0.0981

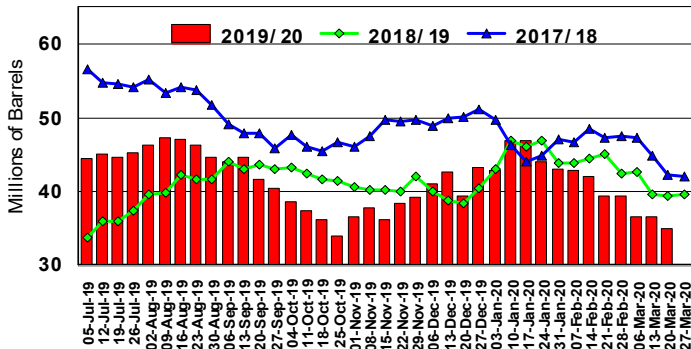
Sprague Heat Weighted Strip October -April 20/2021		\$1.2442
Other Front Month NYMEX	Close	Change
Crude - WTI	\$24.4900	\$0.4800
Crude - Brent	\$27.3900	\$0.2400
Natural Gas	\$1.6590	\$0.0060
Gasoline	\$0.5468	\$0.1031

### Total U.S. Oil Stocks Excluding SPR



## Weekly EIA Petroleum Status Report for the Week Ending March 20, 2020

### Distillate Stocks PADD #1



### Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.623 million barrels  
 Cushing, OK Crude Stocks Up 858,000 barrels  
 Gasoline Stocks Down 1.537 million barrels  
 Distillate Stocks Down 678,000 barrels  
 Refinery % Operated 87.3%, up 0.9%

#### PADD #1

Distillate Stocks (in million bbls)	Week Ending Mar 20, 2020	Week Ending Mar 13, 2020	Week Ending March 21, 2019
New England	6.7	6.6	6.6
Central Atlantic	17.6	17.4	21.9
Total PADD #1	35.0	36.5	39.4
Distillate Imports (thousands b/d)	104	230	162