

## Market Commentary

**Recap:** After what was perhaps the most volatile month in the history of oil trading, April culminated in oil prices paring losses, as production cuts among some major producers eased concern over a global supply glut amid shrinking storage. With oversupply woes slowly easing and demand creeping back as countries ease up on coronavirus shutdowns, we could see oil prices start to stabilize. Fuel demand worldwide slumped about 30% in April. Even after major oil producers led by Saudi Arabia agreed to slash production by nearly 10 million barrels per day, U.S. crude futures closed on April 20 at a record low in negative territory. WTI for June delivery rose \$3.78, or 25.1%, to settle at \$18.84 a barrel, after a 22% surge on Wednesday. For the month, prices still lost 8%, from the front-month contract settlement on March 31, according to Dow Jones Market Data. June Brent, which expired at the end of the session, added \$2.73, or 12.1%, at \$25.27 a barrel, with front-month contract prices ending the month 11.1% higher. The most-active July contract gained \$2.25, or 9.3%, to end the session at \$26.48 a barrel. May RBOB ended down 4% at 69.78 cents a gallon and May heating oil settled up 5.4% at 73.19 cents a gallon. The May contracts expired at the end of day's session, with front-month prices for RBOB up 21.7% for the month, but heating oil down 27.7% from the end of March.

**Technical Analysis:** With oversupply woes slowly easing and demand creeping back as countries ease up on coronavirus shutdowns, we could see oil prices start to stabilize, especially if we get a break above \$20. The June contract blew through \$17.08, the 10-day moving average and \$17.55, the 38% retracement established by the April low of \$6.50 and the January high of \$35.68. With moving oscillators crossing to the upside, we would look for a push through \$20. Above this level, additional resistance is set at \$21.09. Support is set at \$17.54 and below that at \$14.54.

**Fundamental News:** The International Energy Agency warned that global storage capacity could reach its maximum by mid-June and that energy demand could fall by a record 6% in 2020 due to lockdowns. Global oil demand is expected to fall a record 9.3 million bpd in 2020. The IEA said the greatest concern will be the decline in global energy demand, with countries in full lockdown seeing a 25% decline in energy demand per week. It is in contrast to a decline of just 3.8% in the first quarter of the year, as the lockdown enforced in a number of countries has cut the world's need for electricity. It stated that the fall in global energy demand would lead to a fall in carbon dioxide emissions of 8%, six times larger than the largest decline of 400 million tons recorded in 2009 following the global financial crisis.

Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, April 28<sup>th</sup> increased by 1,323,734 barrels on the week and by 1,025,567 barrels from Friday, April 24<sup>th</sup> to 66,091,821 barrels.

The EIA reported that US crude oil production increased by 87,000 bpd to 12.833 million bpd in February from 12.746 million bpd in January. Production for January was revised up by 2,000 bpd. It also reported that US total oil demand in February fell by 1.9% or 385,000 bpd to 19.839 million bpd. Gasoline demand increased by 4,000 bpd in February to 8.967 million bpd, while distillate demand fell by 7.4% or 320,000 bpd to 4.011 million bpd.

According to a Reuters survey, OPEC's output in April increased to the highest level since March 2019. Output by the 14-member group in April averaged 30.32 million bpd. The largest increase in supply came from Saudi Arabia, which produced a record 11.3 million bpd. The UAE also increased its production to 3.85 million bpd. Kuwait and Nigeria also increased their output.

### Early Market Call - as of 8:20 AM EDT

WTI - June \$19.96, up \$1.12

RBOB - June \$7.717, down 1.2 cents

HO - June \$8.344, up 13 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-20	0.7319	0.0374	0.0026
Jun-20	0.8331	0.0561	-0.0421
Jul-20	0.8845	0.0529	-0.0392
Aug-20	0.9254	0.0464	-0.0263
Sep-20	0.9614	0.0420	-0.0161
Oct-20	0.9952	0.0399	-0.0103
Nov-20	1.0233	0.0390	-0.0058
Dec-20	1.0443	0.0377	-0.0020
Jan-21	1.0648	0.0367	0.0009
Feb-21	1.0823	0.0361	0.0028
Mar-21	1.0965	0.0351	0.0044
Apr-21	1.1054	0.0344	0.0044
May-21	1.1162	0.0334	0.0039
Jun-21	1.1280	0.0326	0.0042
Jul-21	1.1475	0.0322	0.0030
Aug-21	1.1663	0.0321	0.0016
Sep-21	1.1821	0.0322	-0.0002

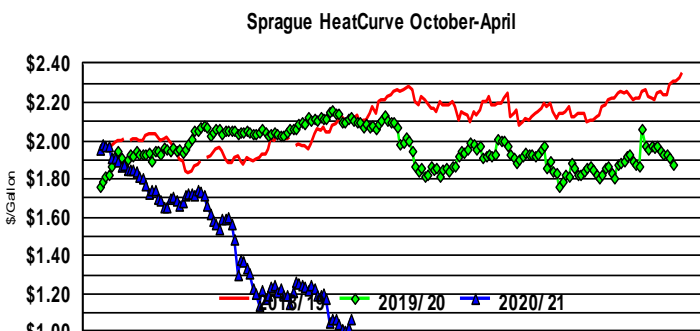
### Sprague Heat Weighted Strip October -April 20/2021 \$1.0632

Other Front Month NYMEX		Close	Change
Crude - WTI	June Brent-	\$18.8400	\$3.7800
Crude - Brent	WTI Spread	\$25.2700	\$2.7300
Natural Gas	\$6.43	\$1.9490	\$0.0800
Gasoline		\$0.6978	-\$0.0294

### EIA Working Gas Storage Report

	17-Apr-20	17-Apr-20	Change	Year Ago
East	405	400	5	271
Midwest	506	493	13	283
Mountain	103	96	7	74
Pacific	218	210	8	148
South Central	979	941	38	652
Salt	314	301	13	218
Nonsalt	664	640	24	434
Total	2,210	2,140	70	1,427

## Sprague HeatCurve October-April



## ICE June Brent-WTI Spread

