

## Market Commentary

**Recap:** Oil futures gapped higher on the open, with April WTI reaching a session high of \$47.57 a barrel, a gain of 72 cents, or 1.6%, while May Brent topped the session at \$52.04, for a gain of 91 cents or 1.7%. Gains quickly faded as Russia has yet to jump onboard the agreement by OPEC to make additional cuts to output, and as the coronavirus continues to heighten demand concerns. Late in the session both WTI and Brent slipped to fresh session lows, with April WTI slipping back below \$46.00 before slightly trimming losses for a settlement at \$45.90 a barrel, down 88 cents, or 1.88%. Brent for May delivery settled at \$49.99 a barrel, down \$1.14, or 2.23%, its lowest settlement since July 24, 2017. April RBOB fell by 2.2% to \$1.5218 a gallon, while April heating oil shed 2.9% to \$1.4885 a gallon.

**Technical Analysis:** It appears that WTI continues to look for direction, being pushed lower by coronavirus fears and dragged higher by the prospect of additional output cuts by OPEC+. As this market continues to look for direction, it seems like selling bounces toward the \$50.00 level is a safe bet for now.

Before \$50.00, there is resistance set at the 10-day moving average, which is currently set at \$47.90. To the downside, support is set at \$45.00 and below that at \$43.32.

**Fundamental News:** On Thursday, OPEC agreed to cut its output by an additional 1.5 million bpd in the second quarter of 2020 to support prices amid an outbreak of the coronavirus but made it conditional on Russia joining in.

OPEC's Secretary General, Mohammad Barkindo, said OPEC has no reason to doubt Russia's commitment to efforts to stabilize oil markets. He stated that OPEC would issue a new statement on the outcome of the latest OPEC consultations on Thursday evening.

Iran's Oil Minister, Bijan Zanganeh, confirmed that OPEC ministers had agreed to an extra 1.5 million bpd cut in oil production and that Iran was still exempt from the reduction. He also stated that OPEC wanted non-OPEC producers to contribute cuts of 500,000 bpd out of the 1.5 million bpd total.

Russia's Finance Minister, Anton Siluanov, said Russia is prepared for a possible fall in oil prices should OPEC and its allies fail to reach an agreement over cutting supply at meetings in Vienna this week. He said Russia is a key player in the global oil supply cut deal and that no agreement had yet been reached with Moscow.

Libya's National Oil Corp stated that the country's oil production stood at 119,867 bpd as of Wednesday. It also stated that losses from an oil blockade in the country totaled \$2.7 billion.

Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, March 3<sup>rd</sup> fell by 1,315,481 barrels on the week and by 269,609 barrels from Friday, February 28<sup>th</sup> to 38,739,064 barrels.

Rystad Energy forecast that the coronavirus outbreak will cut growth in global oil demand by more than 50% this year compared with earlier forecasts. It estimates global oil demand will increase by 500,000 bpd in 2020, down from a February forecast of 820,000 bpd and a December forecast of 1.1 million bpd. It also stated that OPEC's agreement to cut output by an additional 1.5 million bpd in the second quarter is unlikely to result in cuts in output sufficient enough to balance the market given that global oil stocks are increasing by the day.

Goldman Sachs said it does not expect OPEC's announcement to cut production by an additional 1.5 million bpd to prevent a global oil market surplus in the second quarter. It said its April Brent oil spot forecast remains at \$45/barrel.

**Early Market Call - as of 8:55 AM EDT**

WTI - Apr \$43.20 down \$2.70

RBOB - Apr \$1.4350 down \$0.0860

HO - Apr \$1.4060 down \$0.0825

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-20	1.4885	-0.0447	-0.0014
May-20	1.4846	-0.0427	0.0001
Jun-20	1.4881	-0.0395	-0.0011
Jul-20	1.4969	-0.0368	-0.0028
Aug-20	1.5091	-0.0351	-0.0031
Sep-20	1.5229	-0.0341	-0.0026
Oct-20	1.5362	-0.0334	-0.0022
Nov-20	1.5480	-0.0328	-0.0019
Dec-20	1.5576	-0.0322	-0.0014
Jan-21	1.5674	-0.0315	-0.0013
Feb-21	1.5737	-0.0307	-0.0010
Mar-21	1.5769	-0.0297	-0.0012
Apr-21	1.5749	-0.0288	-0.0004
May-21	1.5778	-0.0284	0.0015
Jun-21	1.5820	-0.0279	0.0037
Jul-21	1.5912	-0.0273	0.0047
Aug-21	1.6005	-0.0268	0.0056

Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent- WTI Spread	\$46.0600	-\$0.8900
Crude - Brent		\$49.9900	
Natural Gas	\$	\$1.7720	-\$0.0550
Gasoline		\$1.5218	-\$0.0337

## EIA Working Gas Storage Report

	21-Feb-20	21-Feb-20	Change	Year Ago
East	451	484	-33	317
Midwest	558	591	-33	345
Mountain	101	108	-7	74
Pacific	197	196	1	113
South Central	784	821	-37	563
Salt	229	244	-15	183
Nonsalt	555	578	-23	380
Total	2,091	2,200	-109	1,411

## Sprague HeatCurve October-April

## ICE May Brent-WTI Spread

