

## Market Commentary

**Recap:** Oil prices took a nosedive on Tuesday, ending close to a two-week low, pressured by a global supply glut as the coronavirus continues to hamper demand. Price pressure from that weak demand and oversupply outweighed support from an agreement over the weekend by major producers to cut output, which ended a month-long price war between Saudi Arabia and Russia. Pressure on this market pushed the May20/June20 spread below -\$7.00 with this front month spread settling at -\$7.29 a barrel. After briefly dipping below \$20.00, WTI for May delivery settled at \$20.11 a barrel, down \$2.30, or 10.3%. June Brent settled at \$29.60 a barrel, down \$2.14, or 6.7%. Petroleum prices ended mixed, with May RBOB up 2.4% at 72 cents a gallon, but May heating oil HOK20, -3.94% lost 5.1% to 94.42 cents a gallon.

**Technical Analysis:** After trying to rally in early trading, WTI briefly fell below \$20.00 level. By doing so, it looks as if it is going to threaten the \$20 level eventually, as it had offered such a major amount of support. Should we get a break below this level, it will most likely trigger sell stops, with the possibility of taking this market to the \$17.50 level. Prior to this level, support is seen at \$19.27. Resistance is set at \$25.00 and \$27.50.

**Fundamental News:** Texas energy regulators are scheduled on Tuesday to hear from dozens of energy executives on an initiative calling for the state to mandate an output cut. Parsley and Pioneer, two major shale producers in the Permian Basin have said uniform cuts are important to keep the industry from collapse as oil storage starts to fill and will be limited in May. However, some of the state's largest and most influential oil companies, Exxon Mobil, Chevron Corp and Occidental Petroleum Corp have opposed imposing limits. The idea, however, has gained proponents elsewhere. A group of Oklahoma oil producers on Monday filed a request with their state also asking for a hearing to consider production cuts.

Pioneer's CEO, Scott Sheffield, urged Texas production cuts, saying Cushing storage will be full in 4-5 weeks. He suggested Texas cut 1 million barrels of output and be ready to cut again. He also suggested Texas regulators limit output from companies that flare more than 2% of natural gas. He said US oil output will fall 3 million to 6 million bpd by the end of 2021. He predicts \$3 to \$10/barrel oil in the Permian Basin in several weeks.

State News Agency SPA reported that Saudi Arabia's cabinet of ministers affirmed that a recent multilateral crude supply reduction pact is an extension of the country's previous efforts to achieve market balance and stability.

The US Energy Department is negotiating contracts with nine energy companies to store about 23 million barrels of domestically produced oil in the country's emergency reserve to help relieve the supply glut. The department is renting space to companies in the SPR, as a way to help companies suffering from the oil price decline and after Congress failed to fund another plan to purchase oil for the facility. President Donald Trump ordered the Department of Energy in March to fill the reserve.

The head of the National Institute of Allergy and Infectious Diseases, Anthony Fauci, said that a May 1<sup>st</sup> target date for reopening the economy was a "bit overly optimistic," citing a lack of critical testing and tracing procedures.

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

WTI - May \$19.67, down 44 cents

RBOB - May \$7.7296, up 90 points

HO - May \$9.181, down 2.62 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Apr-20	0.9442	-0.0504	0.0833
May-20	0.9865	-0.0492	0.0698
Jun-20	1.0353	-0.0447	0.0598
Jul-20	1.0832	-0.0381	0.0515
Aug-20	1.1268	-0.0326	0.0445
Sep-20	1.1636	-0.0280	0.0355
Oct-20	1.1914	-0.0234	0.0260
Nov-20	1.2127	-0.0195	0.0183
Dec-20	1.2322	-0.0170	0.0131
Jan-21	1.2472	-0.0150	0.0098
Feb-21	1.2591	-0.0136	0.0088
Mar-21	1.2655	-0.0136	0.0095
Apr-21	1.2738	-0.0132	0.0094
May-21	1.2835	-0.0137	0.0083
Jun-21	1.3017	-0.0135	0.0067
Jul-21	1.3188	-0.0131	0.0052
Aug-21	1.3336	-0.0118	0.0028

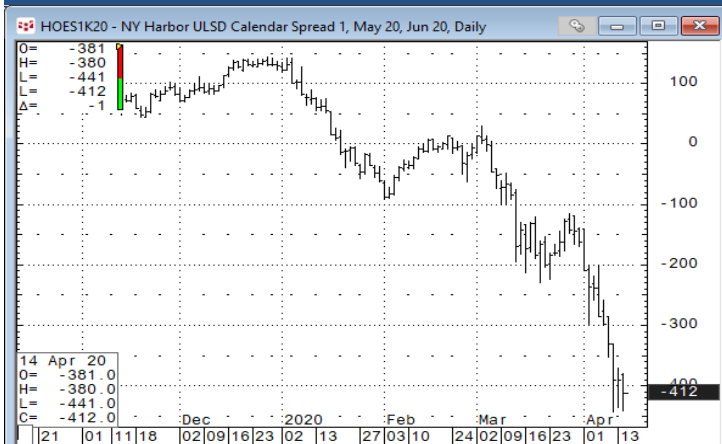
**Sprague Heat Weighted Strip October -April 20/2021** **\$1.2291**

Other Front Month NYMEX	Close	Change
Crude - WTI	\$27.4000	-\$1.8600
Crude - Brent	\$29.6000	-\$2.1400
Natural Gas	\$1.6500	-\$0.0740
Gasoline	\$0.7200	\$0.0167

## API Report for the Week Ending April 10, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 13.1 million barrels	Up 10.1 million barrels
Cushing, OK Crude Stocks	Up 5.4 million barrels	
Gasoline Stocks	Up 2.2 million barrels	Up 7.1 million barrels
Distillate Stocks	Up 5.6 million barrels	Up 1.8 million barrels
Refinery Runs	Down 1.2 million bpd	Down 2% at 73.6%
Crude Imports	Down 830,000 bpd	

## Heating Oil May-June Spread



## Sprague HeatCurve October-April

