

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil futures opened Wednesday's session trading unchanged, but by daybreak on the East Coast, April WTI was trading just below \$65 a barrel. This strong technical number held up, as prices retreated after the EIA reported a 13.8 million barrel build in U.S. crude oil inventories. Inventories continue to swell, as the nation's oil industry continues to suffer from the effects of the winter storm that stalled refining and forced production closures in Texas. With producers appearing to come back online faster than refiners, inventories are building. However, weakness in the dollar and an upbeat forecast for a global economic recovery pushed prices off session lows, bringing oil prices above unchanged. April WTI added 43 cents, or 0.67%, to settle at \$64.44, while May Brent closed up 38 cents, or 0.56%, to settle at \$67.90 a barrel. April RBOB added .0293 cents to settle at \$2.0795 a gallon, while April heating oil closed up .0100 at \$1.9173 a gallon.

**Technical Analysis:** Wednesday's choppy session saw April WTI bounce off of the 10-day moving average and hold below resistance at \$65. Since experiencing a closing reversal top on Monday, it has had difficulty climbing back \$65 level. While the main trend is still to the upside, momentum has been trending lower. A break below the 10-day moving average, currently set at \$62.98, will shift the minor trend to the downside, with the possibility of reaching \$60. To the upside, should we get above \$65, we would look for a push at the reversal top up at \$67.98, with trades above this level accelerating the upside momentum.

**Fundamental News:** Saudi Arabia's Foreign Minister, Prince Faisal bin Farhan Al Saud, said the country would take deterrent action to protect its oil facilities, following attacks by Yemen's Iran-aligned Houthi movement on energy sites. He said Saudi Arabia would guarantee global energy security. He also said in a news conference with Russian Foreign Minister Sergei Lavrov in Riyadh, that the kingdom would continue to cooperate with Russia in the OPEC+ framework. Meanwhile, Russian's Foreign Minister, Sergei Lavrov, said that OPEC+ oil producers would try to ensure there are no sharp oil price swings and that the current price more or less reflected the balance between producers and consumers. He also said a recent attack on Saudi oil facilities was unacceptable. He also said that Russia and Saudi Arabia planned to develop cooperation within OPEC+.

According to Petro-Logistics and Kpler, Saudi Arabia has yet to demonstrate a cut in supply as large as its promised voluntary production cut, a view dismissed by Saudi Arabia which says it is reliable. Saudi Arabia pledged to cut production voluntarily by 1 million barrels per day in February and March, as part of a deal by OPEC and allies. Last week, Saudi Arabia said it would extend the voluntary cut into April. However, oil flows from the country suggest a smaller decline in February. Daniel Gerber, chief executive of Petro-Logistics said "according to Petro-Logistics' assessment and following discussions with sources and contacts in the market, our estimate for Saudi supply in February is a cut of around 600,000 bpd month on month". Kpler also sees a smaller reduction, saying in a report that Saudi oil exports fell by 194,000 bpd in February while domestic inventories declined by 119,000 bpd, although it noted lower shipments towards the end of the month.

Russian Deputy Prime Minister, Alexander Novak, said there was a risk of non-OPEC+ oil producers increasing output due to higher oil prices and that oil market demand was gradually being restored.

IIR Energy reported that U.S. oil refiners are expected to have 3.9 million bpd of capacity offline in the week ending March 12<sup>th</sup>, increasing available refining capacity by 1.4 million bpd from the previous week.

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

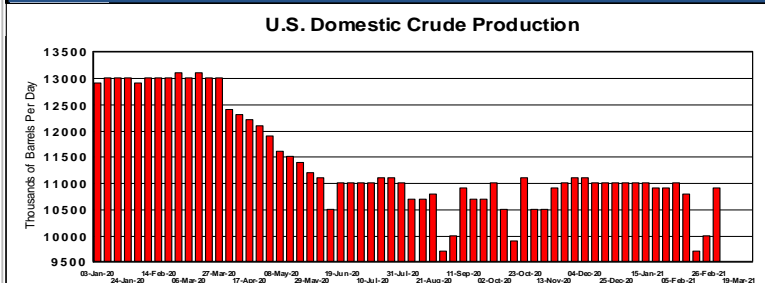
WTI - Apr \$65.45, up \$1.01

RBOB - Apr \$2.1047, up 2.52 cents

HO - Apr \$1.9322, up 1.49 cents

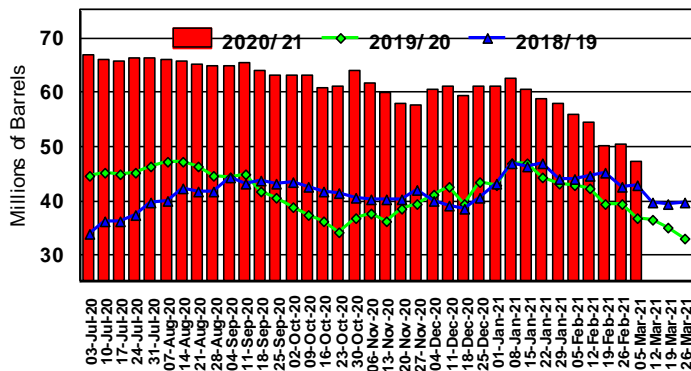
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-21	1.9173	0.0100	-0.0816
May-21	1.9172	0.0113	-0.0861
Jun-21	1.9163	0.0122	-0.0887
Jul-21	1.9156	0.0129	-0.0904
Aug-21	1.9143	0.0131	-0.0908
Sep-21	1.9139	0.0132	-0.0903
Oct-21	1.9137	0.0129	-0.0896
Nov-21	1.9137	0.0129	-0.0891
Dec-21	1.9118	0.0128	-0.0881
Jan-22	1.9115	0.0125	-0.0873
Feb-22	1.9088	0.0125	-0.0871
Mar-22	1.9009	0.0128	-0.0870
Apr-22	1.8862	0.0132	-0.0872
May-22	1.8774	0.0139	-0.0871
Jun-22	1.8705	0.0142	-0.0866
Jul-22	1.8697	0.0144	-0.0860
Jul-22	1.8689	0.0144	-0.0849

Sprague HeatCurve October 2021-April 2022		\$1.9076
	Close	Change
Crude - WTI	\$64.4200	\$0.4300
Crude - Brent	\$67.9000	\$0.3800
Natural Gas	\$2.6920	\$0.0300
Gasoline	\$2.0795	\$0.0293



## Weekly EIA Petroleum Status Report for the Week Ending March 5, 2020

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 13.798 million barrels

Cushing, OK Crude Stocks Up 526,000 barrels

**Gasoline Stocks** Down 11.869 million barrels

**Distillate Stocks** Down 5.504 million barrels

**Refinery % Operated** 69%, up 13%

### PADD #1

Distillate Stocks (in million bbls)	Week Ending Mar 5, 2021	Week Ending Feb 26, 2021	Week Ending Mar 6, 2020
New England	9.0	9.7	6.7
Central Atlantic	25.9	26.9	18.0
Total PADD #1	47.2	50.4	36.6
Distillate Imports (thousands b/d)	416	303	300