

## Market Commentary

**Recap:** Oil prices rebounded on Tuesday, with March WTI briefly recapturing the \$50.00 level, as the number of newly reported cases of the coronavirus seemed to slow. However, the unknown impact that this virus will have on demand, coupled with uncertainty as to whether or not OPEC and its allies will make additional output cuts kept gains contained and pushed this spot contract back below \$50.00. For the second straight session March WTI settled below \$50.00 a barrel to finish at \$49.94, up 37 cents, or 0.75%, while April Brent added 74 cents, or 1.39%, to settle at \$54.01 a barrel. March RBOB fell 0.5% to \$1.5142 a gallon, while March heating oil added 0.9% at \$1.6267 a gallon.

**Technical Analysis:** WTI continued to hold above key support set at \$49.30 as it rebounded on Tuesday, but failed to hold above the \$50.00 mark. While it remains to be seen if this market will hold above \$49.30, Tuesday's price action shows underlying strength. That being said, as long as this market holds above this support area we would look for continued pushes above \$50.00. Should we break to the downside, our initial target would be \$48.05, which support below that level set at \$46.30 to the upside, resistance is set at \$51.85 and above that at \$53.20.

**Fundamental News:** In its Short-Term Energy Outlook, the EIA cut its 2020 world oil demand growth forecast by 310,000 bpd to 1.03 million bpd. It increased its oil demand growth estimate for 2021 by 140,000 bpd to 1.52 million bpd. Total world oil demand is forecast to total 101.74 million bpd in 2020 and 103.26 million bpd in 2021. The EIA reported that OPEC's oil production is expected to fall by 850,000 bpd to 28.93 million bpd in 2020 and increase by 280,000 bpd to 29.21 million bpd in 2021, while non-OPEC production is expected to increase by 2.53 million bpd to 67.98 million bpd in 2020 and by 800,000 bpd to 68.78 million bpd in 2021. US petroleum demand is expected to increase by 90,000 bpd to 20.53 million bpd in 2020, compared with a previous estimate of an increase of 160,000 bpd, while demand in 2021 is expected to increase by 180,000 bpd to 20.71 million bpd, compared with a previous estimated increase of 70,000 bpd. Gasoline demand in 2020 is expected to fall by 20,000 bpd to 9.26 million bpd and by 50,000 bpd to 9.21 million bpd in 2021. Distillate demand is expected to increase by 10,000 bpd to 4.07 million bpd in 2020 and increase by 50,000 bpd to 4.12 million bpd in 2021. Meanwhile, US crude oil output is forecast to increase by 960,000 bpd to 13.2 million bpd in 2020, compared with a previous forecast for an increase of 1.06 million bpd, while output is expected to increase by 360,000 bpd to 13.56 million bpd in 2021, compared with a previous estimate of an increase of 410,000 bpd. The EIA forecast Brent prices will average \$61/barrel in 2020 and \$68/barrel in 2021.

US Energy Secretary, Dan Brouillette, said the US is not concerned by moves being considered by OPEC and its allied producers to cut oil production further. The Joint Technical Committee last week advised OPEC and its allies to cut production by an additional 600,000 bpd. OPEC and non-OPEC producers, known as OPEC+, have already been implementing cuts of 1.2 million bpd since January 2019 to reduce the global oversupply of crude.

Sources familiar with Saudi Arabia's thinking stated that the country wants global oil producers to agree to a quick oil supply cut as China's coronavirus cuts demand. Saudi Arabia has been working to convince OPEC producers and its allies led by Russia that they need to act sooner rather than later. The source said the Saudis want to be proactive and to keep oil prices at \$60/barrel or above.

Russia's Energy Minister, Alexander Novak, said Russia is closely studying the recommendations of the Joint Technical Committee, an OPEC+ panel.

**Early Market Call - as of 9:00 AM EDT**

WTI - Mar \$51.00, up \$1.07

RBOB - Mar \$1.5560, up 4.12 cents

HO - Mar \$1.66, up 3.33 cents

## All NYMEX | Prior Settlements

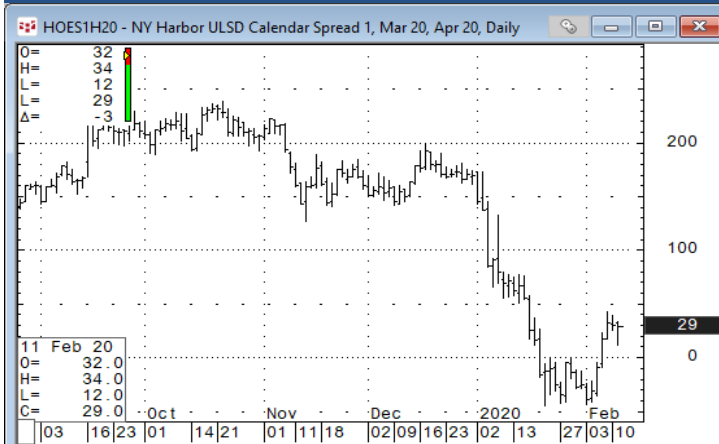
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-20	1.6267	0.0142	-0.0428
Apr-20	1.6236	0.0143	-0.0361
May-20	1.6228	0.0142	-0.0299
Jun-20	1.6256	0.0134	-0.0242
Jul-20	1.6317	0.0125	-0.0209
Aug-20	1.6395	0.0119	-0.0195
Sep-20	1.6489	0.0114	-0.0193
Oct-20	1.6582	0.0112	-0.0201
Nov-20	1.6663	0.0110	-0.0212
Dec-20	1.6727	0.0108	-0.0226
Jan-21	1.6791	0.0107	-0.0231
Feb-21	1.6817	0.0103	-0.0230
Mar-21	1.6790	0.0096	-0.0226
Apr-21	1.6712	0.0086	-0.0216
May-21	1.6707	0.0080	-0.0205
Jun-21	1.6715	0.0076	-0.0199
Jul-21	1.6763	0.0074	-0.0209

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$50.1700	\$0.3900
Crude - Brent	WTI Spread	\$54.0100	\$0.7400
Natural Gas	\$3.84	\$1.7880	\$0.0220
Gasoline		\$1.5142	-\$0.0071

## API Report for the Week Ending February 6, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 6.0 million barrels	Up 2.3/2.9 million barrels
Cushing, OK Crude Stocks	Up 1.3 million barrels	
Gasoline Stocks	Up 1.1 million barrels	Up 700,000 barrels
Distillate Stocks	Down 2.3 million barrels	Down 900,000 barrels
Refinery Runs	Down 136,000 b/d	Down 0.3% at 87.1%
Crude Imports	Down 111,000 b/d	

## Heating Oil Mar-Apr Spread



## RBOB Mar-Apr Spread

