

## Market Commentary

**Recap:** Oil prices seesawed on Monday morning, as an underwhelming OPEC production deal over the weekend was overshadowed by two tweets from President Donald Trump saying that production cuts would be much deeper. May WTI futures rose, then fell and then rose again after Trump's tweet. Around 10:20 a.m., they were up 3.5%, to \$23.56 a barrel. June Brent futures also moved up and down, and were up about 1.6%, to \$31.98 a barrel. Oil prices had been rising this month on hopes that a meaningful deal would be struck, but the deal proved to be too little too late, as demand concerns overshadowed production cuts. Settlement was mixed, with May WTI down 35 cents, or 1.5%, settling at \$22.41 a barrel. Brent for June delivery settled at \$31.74 a barrel, up 26 cents, or 0.83%. Prices for petroleum products ended higher, with May RBOB up 3.8% at 70.33 cents a gallon. May heating oil settled at 99.46 cents a gallon, up 2.3%.

**Technical Analysis:** Aside from some unsustainable moves to the upside, WTI continues to trade in a sideways pattern between the range of \$25.00 and \$20.00, while it pivots around the 10-day moving average. In the near term, we would look for more sideways trading, with breaks above the 10-day moving average, which is currently set at \$23.73, opening up for a run at \$25.00. Above this level, additional resistance can be found at \$27.50. To the downside and below \$20, support is seen at \$19.27.

**Fundamental News:** OPEC, Russia and other oil producing nations agreed on Sunday to cut output by a record amount, representing about 10% of global supply, to support oil prices amid the coronavirus pandemic. The group, known as OPEC+, agreed to reduce output by 9.7 million bpd for May-June, after four days of talks and following pressure from US President Donald Trump to support prices. Phase II of the deal calls for a potential cut of 7.7 million bpd from OPEC+ members from July-December and Phase III of the deal calls for a potential cut of 5.8 million bpd from OPEC+ members from January 2021 until April 2022, subject to review in December 2021. Two OPEC+ sources said the deal had been sealed in a video conference on Sunday, and the agreement was confirmed in a statement from Kazakhstan's energy ministry.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said that effective oil supply cuts by OPEC and its allies, a group known as OPEC+, will amount to 19.5 million barrels per day taking into account the reduction agreement agreed by OPEC+, pledges by other G20 nations and oil purchases into reserves.

The Kremlin said on Monday that the global oil output deal clinched by OPEC and non-OPEC countries had helped stop oil markets sliding into chaos and would help support a more or less stable oil price dynamic. Meanwhile, senior Russian officials said the global oil production deal will help to establish a price floor and help to save millions of jobs in the US.

Russia's Energy Minister, Alexander Novak, said combined oil output cuts under a global agreement between leading oil producers, including Russia, Saudi Arabia and the US could total 15-20 million bpd in May-June.

Genscape reported that crude oil held in Cushing, Oklahoma in the week ending Friday, April 10<sup>th</sup> increased by 5,440,759 barrels and 726,024 barrels from Tuesday, April 7<sup>th</sup> to 56,085,681 barrels.

Shell lifted a force majeure on exports of Nigeria's Forcados crude after a pipeline transporting it reopened. The removal of force majeure followed the reopening of the Trans Forcados pipeline after it was shut on April 4<sup>th</sup>. Shell declared force majeure on April 6<sup>th</sup>.

The EIA reported that total shale oil production for May is seen down about 183,000 bpd at 8.526 million bpd.

### Early Market Call - as of 9:25 AM EDT

WTI - May \$21.66 -0.75

RBOB - May \$0.7363 +0.0330

HO - May \$0.9923 -0.0023

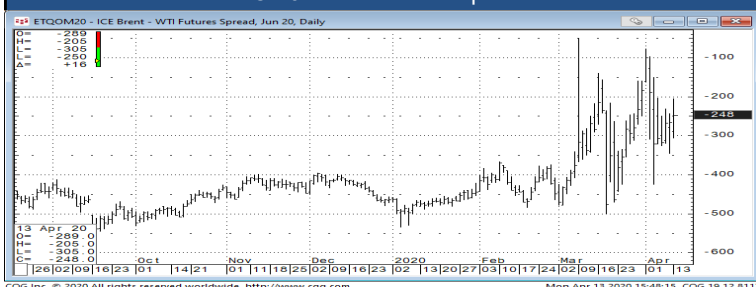
## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
May-20	0.9946	0.0220	0.0511
Jun-20	1.0357	0.0225	0.0382
Jul-20	1.0800	0.0226	0.0298
Aug-20	1.1213	0.0233	0.0271
Sep-20	1.1594	0.0239	0.0249
Oct-20	1.1916	0.0252	0.0195
Nov-20	1.2148	0.0272	0.0141
Dec-20	1.2322	0.0287	0.0088
Jan-21	1.2492	0.0299	0.0046
Feb-21	1.2622	0.0308	0.0024
Mar-21	1.2727	0.0315	0.0022
Apr-21	1.2791	0.0325	0.0037
May-21	1.2870	0.0333	0.0044
Jun-21	1.2972	0.0346	0.0031
Jul-21	1.3152	0.0352	0.0014
Aug-21	1.3319	0.0357	-0.0006
Sep-21	1.3454	0.0360	-0.0026

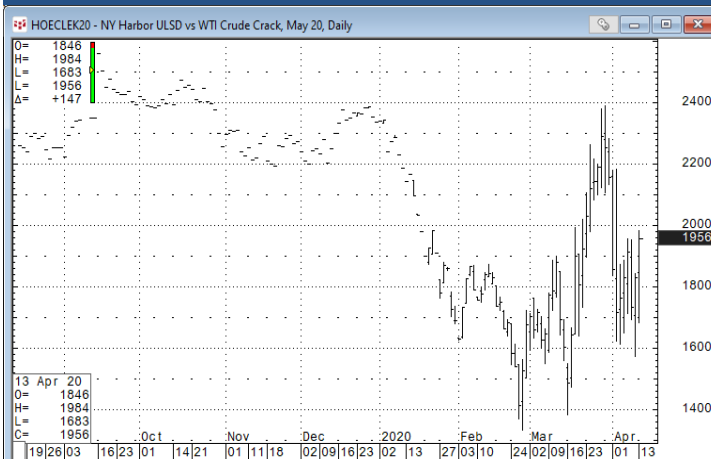
### Sprague Heat Weighted Strip October -April 20/2021 \$1.2468

Other Front Month NYMEX	Close	Change
Crude - WTI	\$29.2600	\$0.4400
Crude - Brent	\$31.7400	\$0.2600
Natural Gas	\$1.7240	-\$0.0090
Gasoline	\$0.7033	\$0.0260

### ICE June Brent-WTI Spread



## May Heating Oil Crack Spread



## May RBOB Crack Spread

