

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil prices continued to slip on Friday, pulling back from four month highs as the dollar and U.S. treasuries rose amidst falling stocks. This appears to have sparked fears of a recession, thereby raising concern regarding demand. After a lower opening, prices attempted to recapture the unchanged level, but the lack of follow through above \$60.00 in May WTI was met by technical selling, which culminated in a session low of \$58.28 a barrel, for a loss of \$1.70. May Brent slipped \$1.66, to a session low of \$66.20 a barrel. Prices staged a late session comeback, but could not gain enough momentum to trade back above unchanged. May WTI settled at \$59.04 a barrel, down 94 cents, or 1.57 percent, for a weekly gain of 0.49 percent. Brent for May delivery fell 83 cents, or 1.22 percent to settle at \$67.03 a barrel, squeezing out a 12 cents gain on the week. This is the third straight week of gains. April RBOB rose 0.3% to \$1.926 a gallon, with prices notching a weekly rise of 3.7%. April heating oil shed 1.1% to \$1.966 a gallon, ending just under 0.1% lower on the week.

**Technical Analysis:** WTI failed miserably at the \$60.00 mark and technical indicators are now calling for further downside. May WTI slipped below the lower trend line of the ascending channel however, we would wait for a retest back at the line. Failures to reenter the channel would validate the break, and as a result we should see lower prices, whereas a pass back into the channel would negate the break. Support is set at \$58.28 and below that at \$56.97. To the upside, resistance is set at \$62.58 and above that at \$65.00.

**Fundamental News:** US energy firms reduced the number of oil rigs operating for a fifth consecutive week to its lowest level in nearly a year as independent producers follow through on plans to cut spending on new drilling with the government cutting its growth forecasts for shale output. Baker Hughes reported that drillers cut nine oil rigs in the week ending March 22<sup>nd</sup>, bringing the total rig count down to 824, the lowest level since April 2018.

Brazil's Petrobras said it was spending \$320 million on put options to hedge part of its Brent crude output at \$60/barrel.

Mexico's President, Andres Manuel Lopez Obrador, said part of a \$10 billion investment in aid and loans pledged by the US for Mexico and Central America could go to Mexican infrastructure projects, including a new oil refinery. He said that the funding would seek to mitigate the causes of migration in Central America and Mexico by generating more jobs. The Mexican government on Monday invited several companies, including American firms, to bid on the \$8 billion construction of the new Pemex refinery on Mexico's southern Gulf Coast.

IIR Energy reported that US oil refiners are expected to shut in 1.64 million bpd of capacity in the week ending March 22<sup>nd</sup>, cutting the available refining capacity by 379,000 bpd from the previous week. IIR expects offline capacity to increase to 1.7 million bpd in the week ending March 29<sup>th</sup>.

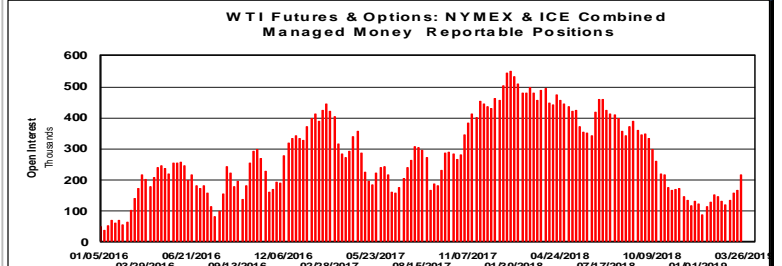
Massive flooding in the US Midwest shut in about 13% of the country's ethanol production capacity, as plants in Nebraska, Iowa and South Dakota have been forced to shut down or cut production. The US has about 200 ethanol plants capable of producing 1.06 million bpd and about 100,000 to 140,000 bpd of capacity has been taken offline due to the floods. Among the plants that have scaled back are ADM's plant in Columbus, Nebraska, the largest in the US, due to flooding of a small rail line serving the plant. In Arlington, Nebraska a rail line was overrun by water, forcing its closure.

**Early Market Call - as of 8:50 AM EDT**

WTI - May \$58.78, down 26 cents  
 RBOB - Apr \$1.9088, down 1.55 cents  
 HO - Apr \$1.9596, down 56 points

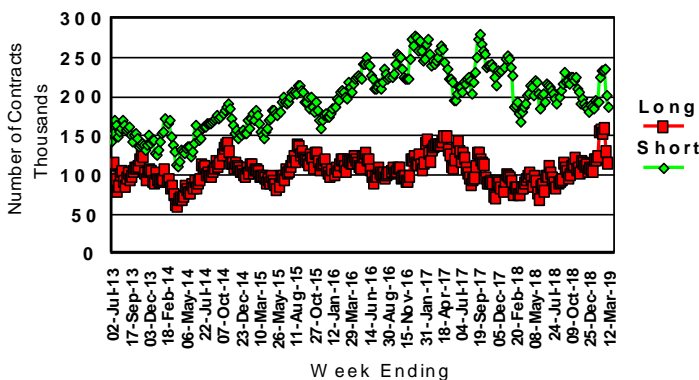
| Month  | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
|        | Close     | Change       | One Week  |
| Apr-19 | \$1.9659  | -\$0.0212    | -\$0.0018 |
| May-19 | \$1.9668  | -\$0.0229    | -\$0.0042 |
| Jun-19 | \$1.9705  | -\$0.0231    | -\$0.0047 |
| Jul-19 | \$1.9765  | -\$0.0235    | -\$0.0067 |
| Aug-19 | \$1.9848  | -\$0.0233    | -\$0.0076 |
| Sep-19 | \$1.9951  | -\$0.0229    | -\$0.0082 |
| Oct-19 | \$2.0045  | -\$0.0226    | -\$0.0086 |
| Nov-19 | \$2.0127  | -\$0.0225    | -\$0.0088 |
| Dec-19 | \$2.0201  | -\$0.0224    | -\$0.0089 |
| Jan-20 | \$2.0271  | -\$0.0224    | -\$0.0091 |
| Feb-20 | \$2.0287  | -\$0.0221    | -\$0.0094 |
| Mar-20 | \$2.0252  | -\$0.0217    | -\$0.0099 |
| Apr-20 | \$2.0140  | -\$0.0212    | -\$0.0101 |
| May-20 | \$2.0058  | -\$0.0205    | -\$0.0102 |
| Jun-20 | \$2.0012  | -\$0.0198    | -\$0.0103 |
| Jul-20 | \$2.0008  | -\$0.0191    | -\$0.0106 |
| Aug-20 | \$2.0010  | -\$0.0189    | -\$0.0107 |

| Sprague HeatCurve Oct 2019-Apr 2020 |            |           | \$2.0214  |
|-------------------------------------|------------|-----------|-----------|
| Other Front Month NYMEX             |            | Close     | Change    |
| Crude - WTI                         | May Brent- | \$59.0400 | -\$0.9400 |
| Crude - Brent                       | WTI Spread | \$67.0300 | -\$0.8300 |
| Natural Gas                         | \$7.99     | \$2.7530  | -\$0.0680 |
| Gasoline                            |            | \$1.9259  | \$0.0056  |



## Commitment of Traders Report for the Week Ending March 19, 2019

### Producer/Merchant Heat Positons CFTC Commitment of Traders Report



### Managed Money Heat Positons CFTC Commitment of Traders Report

