

## Market Commentary

**Recap:** Both crude benchmarks have slipped to lows not seen since early October, as oil traders closely monitor the outbreak of a deadly pneumonia-like virus. Oil futures fell for a fifth straight session on Monday, as concern over the economic impact of the coronavirus has fed expectations for a slowdown in energy demand. March WTI fell \$1.05, or 1.9%, to settle at \$53.14 barrel. That was the lowest front-month contract finish since Oct 15. March Brent fell \$1.37, or 2.3%, to \$59.32 a barrel, a 6.4% decline last week. Prices for the global benchmark logged their lowest finish since Oct. 21. February RBOB fell 2.1% to \$1.484 a gallon, while February heating oil dropped 3.1% to \$1.6795 a gallon.

**Technical Analysis:** The 10-day moving average for March WTI has crossed below the 200-day moving average for the first time since November, indicating that prices may have more room to the downside. At this point in time, we would trade with caution, as the impact of the coronavirus may be more about sentiment than a negative impact on demand and the fact that this market has previously been down at these levels, only to rebound. Support is set at \$51.00 and below that at \$50.18. To the upside, resistance is set at \$53.75 and above that at \$55.00.

**Fundamental News:** Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman said Saudi Arabia is closely monitoring developments in the global oil markets resulting from "gloomy expectations" regarding the possible impact of the coronavirus on the Chinese and global economy, as well as on the oil market's fundamentals. He said OPEC and its allies can respond to any impact on the stability of the oil market if needed. However he added that he was confident the Chinese government and international community could contain the spread of the virus and fully eradicate it. He said the current impact on the global markets, was primarily driven by psychological factors and extremely negative expectations adopted by some market participants despite its very limited impact on the global oil demand.

Algeria's Energy Minister and current OPEC President, Mohamed Arkab, referring to the coronavirus outbreak, said that the impact on the outlook for global oil demand would be small.

The UAE's Minister of Energy, Suhail al-Mazrouei, said the oil market should not overact to the possible impact of an outbreak of the coronavirus in China on demand. He said he was confident in the ability of China and the international community to bring the current outbreak under control. He also stated that OPEC+ will meet in March to discuss all options to ensure a balanced oil market. He said the UAE's compliance with OPEC oil output cuts in December exceeded 100%.

The Chairman of Libya's National Oil Corp, Mustafa Sanalla, said Libya's oil production has fallen to 262,000 bpd and could fall to 72,000 bpd very soon. Eastern Libyan forces loyal to Khalifa Haftar have been blocking major oil ports and fields for more than a week. The 10-day blockade is the most extensive for years, shutting down fields and ports in the east and south of Libya and causing production to fall from about 1.2 million bpd to less than 300,000 bpd. The head of NOC warned that if the international community tolerates a blockade on the country's oil industry it would be complicit in ending the rule of law in the country.

IIR Energy reported that US oil refiners are expected to shut in 578,000 bpd of capacity in the week ending January 31<sup>st</sup>, increasing available capacity by 505,000 bpd from the previous week. Offline capacity is expected to increase to 705,000 bpd in the week ending February 7<sup>th</sup>.

### Early Market Call - as of 8:15 AM EDT

WTI - Mar \$53.42, up 29 cents

RBOB - Feb \$1.5035, up 2.03 cents

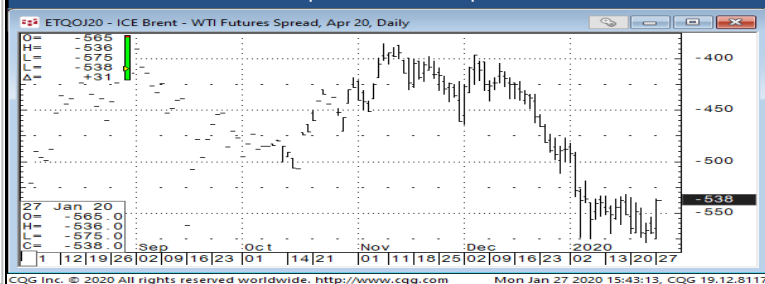
HO - Feb \$1.6950, up 1.67 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Feb-20	1.6795	-0.0545	0.1463
Mar-20	1.6829	-0.0545	0.1518
Apr-20	1.6859	-0.0543	0.1503
May-20	1.6900	-0.0533	0.1475
Jun-20	1.6944	-0.0517	0.1442
Jul-20	1.6991	-0.0502	0.1412
Aug-20	1.7042	-0.0492	0.1379
Sep-20	1.7105	-0.0480	0.1336
Oct-20	1.7163	-0.0464	0.1287
Nov-20	1.7215	-0.0443	0.1239
Dec-20	1.7256	-0.0420	0.1191
Jan-21	1.7305	-0.0394	0.1138
Feb-21	1.7312	-0.0365	0.1081
Mar-21	1.7257	-0.0340	0.1028
Apr-21	1.7135	-0.0319	0.0971
May-21	1.7084	-0.0298	0.0909
Jun-21	1.7060	-0.0276	0.0856

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$53.1400	-\$1.0500
Crude - Brent	WTI Spread	\$59.3200	-\$1.3700
Natural Gas	\$6.18	\$1.9020	\$0.0090
Gasoline		\$1.4840	-\$0.0312

### ICE April Brent-WTI Spread



## Heating Oil Feb-Mar Spread



## RBOB Feb-Mar Spread

