

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil prices fell 3% on Thursday on concern that the spread of a virus from China could lower fuel demand if it stunts economic growth, but losses were limited by a drawdown in U.S. crude inventories. March WTI fell as much as \$1.97 or 3.4% to a low of \$54.77, the lowest level for a spot contract since November 20. March Brent slipped to a session low of \$61.25 for a loss of \$1.96, or 3.1%, the lowest level since early December. This marks the third straight session that prices have fallen as over supply concerns, despite a disruption to Libyan oil production, have added worries for investors in commodities. Losses were pared, with March WTI settling at \$55.59 a barrel, down \$1.15, or 2%, the lowest finish since Nov. 29 for a front-month contract March Brent lost \$1.17, or nearly 1.9%, to \$62.04 a barrel, the lowest since December 3. February RBOB fell 1.2% to \$1.5602 a gallon and February heating oil lost 0.5% to \$1.7916 a gallon.

**Technical Analysis:** March WTI blasted through \$55.99, the 62% retracement set by the January high of \$65.40 and the October low of \$50.18. Although fundamentals are indicating further downside potential, we would keep in mind the fact that prices bounced from the psychological level of \$55.00. Support below the session low of \$54.77, additional support is set at \$53.56 and below that at \$52.40. To the upside, resistance is set at \$55.99 and above that at \$57.19, the current 10-day moving average.

**Fundamental News:** The US EIA reported that crude oil stocks at Cushing, Oklahoma fell to the lowest level since November 2018 to 34.9 million barrels in the week ending January 23<sup>rd</sup>. US gasoline stocks increased by 1.7 million barrels to 260 million barrels, the highest on record. US distillate stocks fell by 1.185 million barrels on the week. It reported that US Gulf Coast distillate inventories increased by 71,000 barrels to 46.8 million barrels, the highest since September 2017.

Kazakh pipeline operator KazTransOil has partly resumed pumping crude oil from CNPC Aktobemunaigas, a unit of CNPC. Pumping was suspended last week after oil from the company was found to be contaminated with organic chlorides. It said chloride content in CNPC Aktobemunaigas crude is now normal, adding that transit shipments of Russian oil to China have been unaffected by the contamination.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman Al-Saud, said all options are open at an OPEC+ meeting in March, including further cuts in oil production.

Russia's Lukoil expects the deal between OPEC and non-OPEC producers to limit oil output to be extended beyond March. The pact is currently due to expire at the end of March.

Brazil's Energy Minister, Bento Albuquerque, said he will hold talks with officials in Saudi Arabia over possible cooperation with OPEC when he visits Riyadh for G20 energy meeting in mid-year. He said Brazil's exports were expected to increase to 1.4 million bpd this year, as crude output was seen increasing by 13% to 3.5 million bpd.

Brazil's national oil regulator, ANP, said the country produced 1.018 billion barrels of oil in 2019, up 7.78% on the year, marking the first time the country surpassed the billion-barrel mark. It reported that Brazil produced 3.106 million bpd of crude oil in December, up 0.52% on the month and 15.44% on the year.

**Early Market Call - as of 8:25 AM EDT**  
**WTI - Mar \$55.27, down 32 cents**  
**RBOB - Feb \$1.5567, down 33 points**  
**HO - Feb \$1.7809, down 1.11 cents**

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-20	1.7916	-0.0086	0.0657
Mar-20	1.7943	-0.0105	0.0704
Apr-20	1.7952	-0.0108	0.0667
May-20	1.7958	-0.0114	0.0631
Jun-20	1.7964	-0.0121	0.0608
Jul-20	1.7976	-0.0127	0.0591
Aug-20	1.7995	-0.0130	0.0569
Sep-20	1.8024	-0.0130	0.0543
Oct-20	1.8049	-0.0130	0.0511
Nov-20	1.8071	-0.0125	0.0477
Dec-20	1.8079	-0.0121	0.0449
Jan-21	1.8089	-0.0116	0.0427
Feb-21	1.8055	-0.0110	0.0404
Mar-21	1.7961	-0.0105	0.0389
Apr-21	1.7802	-0.0099	0.0364
May-21	1.7713	-0.0092	0.0339
Jun-21	1.7653	-0.0087	0.0330

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$55.5900	-\$1.1500
Crude - Brent	WTI Spread	\$62.0400	-\$1.1700
Natural Gas	\$6.45	\$1.9260	\$0.0210
Gasoline		\$1.5602	-\$0.0194

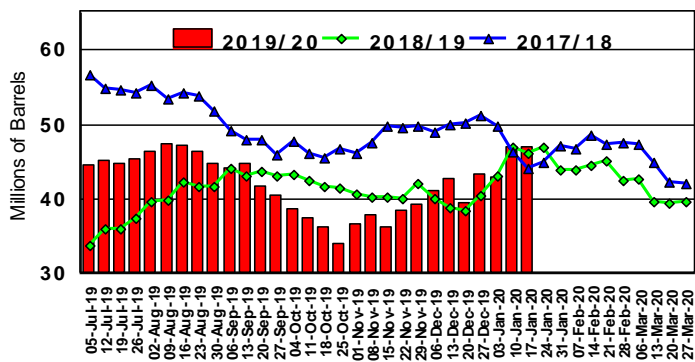
### EIA Working Gas Storage Report

	17-Jan-20	10-Jan-20	Change	Year Ago
East	696	716	-20	574
Midwest	815	851	-36	681
Mountain	151	161	-10	122
Pacific	220	235	-15	187
South Central	1,065	1,076	-11	828
Salt	328	320	8	296
Nonsalt	737	756	-19	532
Total	2,947	3,039	-92	2,393

## Weekly EIA Petroleum Status Report for the Week Ending January 17, 2020

### Distillate Stocks

#### PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 405,000 barrels  
 Cushing, OK Crude Stocks Down 961,000 barrels  
**Gasoline Stocks** Up 1.745 million barrels  
**Distillate Stocks** Down 1.185 million barrels  
**Refinery % Operated** 90.5%, down 1.7%

#### PADD #1

Distillate Stocks (in million bbls)	Week Ending Jan 17, 2020	Week Ending Jan 10, 2019	Week Ending Jan 18, 2019
New England	8.1	7.9	8.9
Central Atlantic	25.2	25.4	25.6
Total PADD #1	46.9	46.8	46.1
Distillate Imports (thousands b/d)	279	155	322

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