

Market Commentary

Recap: Oil futures finished sharply lower Thursday, with both WTI and Brent suffering a loss of more than 7%, after President Donald Trump imposed restrictions on travel from Europe to the U.S. in an effort to contain the coronavirus pandemic, feeding concerns over the global economy and energy demand. A flood of cheap supply coming onto the market from Saudi Arabia and the United Arab Emirates compounded pressure on prices. The Gulf Arab producers are raising production as they go on the offensive in an oil price war with Russia. Prices pared losses briefly after the Federal Reserve Bank of New York said it would increase Treasury purchases and introduce new repo operations. The bounce faded quickly across markets. April WTI dropped \$1.48, or 4.5%, to settle at \$31.50, while May Brent tumbled \$2.57, or 7.2%, to \$33.22 a barrel.

Among energy futures, gasoline took the biggest percentage hit, with prices down over 19% and settling below \$1 a gallon, at their lowest since 2008. April RBOB plunged 19.2% to 89.75 cents a gallon, while April heating oil dropped 6.3% to \$1.1598 a gallon.

Technical Analysis: Although we had a big break to the downside, April WTI has basically held between the range of \$36.35 and \$30.00 over the past 4 trading sessions. Based upon an hourly chart, this market is now in a downward channel. The bottom of this channel is currently set at \$28.81. A break below this channel will open up an opportunity for this market to reach \$27.34, the low set on Monday. A break above the upper trend line of this channel sets up for a run at \$36.35, the top of the sideways trading pattern.

Fundamental News: Saudi Arabia has increased its efforts to squeeze Russia's Urals crude out of its main markets by offering its own cheap barrels. Market sources stated that Saudi Aramco is trying to replace Urals in refiners' feedstock around the world, from Europe to India.

Mexico's Energy Minister, Rocio Nahle, hinted at the country's "willingness" to cut crude oil production in a bid to support prices, but it was unclear whether any new voluntary cuts may go beyond already declining production.

Russia's Gazprom Neft may increase its output starting April 1st, increasing it by 40,000-50,000 bpd within one month.

US Vice President, Mike Pence, said thousands more coronavirus cases are expected in the US, and officials are seeking to ramp up testing. He gave no details on how such screening would be expanded. On Wednesday night, US President Donald Trump imposed a travel ban for most foreign nationals who have traveled to the Schengen area in Europe during the previous 14 days from entering the US. President Trump said trade will not be affected by the 30-day restrictions on travel from Europe. President Donald Trump also stated that the US will give individuals, and small and mid-sized businesses a three-month tax holiday to try to fight the economic impact of the coronavirus. It will also give affected companies \$50 billion more in low-interest loans. He said he would instruct the Small Business Administration to exercise available authority to provide capital and liquidity to firms affected by the coronavirus. He said he would ask Congress to increase funding for the SBA lending program to \$50 billion. That would more than double the amount of loans the SBA's lending program made in fiscal year 2019.

The cost to transport oil on supertankers increased on Thursday as major producers scrambled to secure vessels to ship more crude in a bid to regain market share and buyers took advantage of declining oil prices.

Saudi Aramco has rejected at least three Asian refiners' requests for additional bargain-priced crude for April, despite a recent pledge by the country to increase its supplies to a new record.

Early Market Call - as of 9:00 AM EDT

WTI - Apr \$33.35, up \$1.85

RBOB - Apr \$.9591, up 6.23 cents

HO - Apr \$1.1999, up 3.97 cents

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Apr-20	1.1598	-0.0782	0.3287
May-20	1.1723	-0.0694	0.3123
Jun-20	1.1886	-0.0608	0.2995
Jul-20	1.2118	-0.0525	0.2851
Aug-20	1.2345	-0.0469	0.2746
Sep-20	1.2579	-0.0436	0.2650
Oct-20	1.2798	-0.0415	0.2564
Nov-20	1.2989	-0.0412	0.2491
Dec-20	1.3160	-0.0414	0.2416
Jan-21	1.3332	-0.0404	0.2342
Feb-21	1.3470	-0.0394	0.2267
Mar-21	1.3580	-0.0382	0.2189
Apr-21	1.3632	-0.0382	0.2117
May-21	1.3748	-0.0375	0.2030
Jun-21	1.3882	-0.0362	0.1938
Jul-21	1.4065	-0.0348	0.1847
Aug-21	1.4232	-0.0345	0.1773

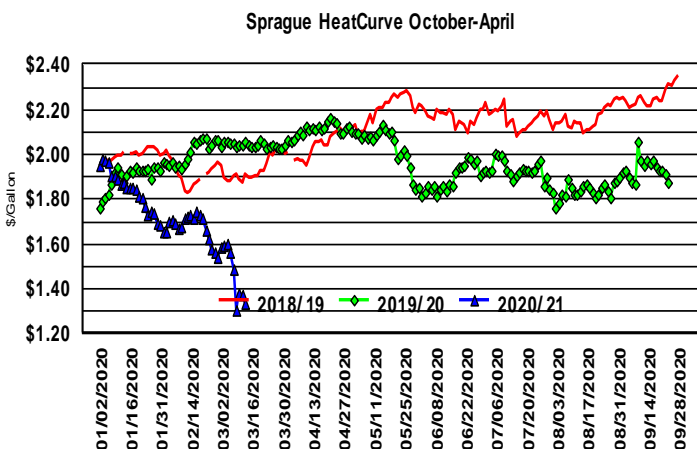
Sprague Heat Weighted Strip October-April 20/2021 \$1.3315

Other Front Month NYMEX	Close	Change
Crude - WTI	\$31.9800	-\$1.4100
Crude - Brent	\$33.2200	-\$2.5700
Natural Gas	\$1.8410	-\$0.0370
Gasoline	\$0.8975	-\$0.2128

EIA Working Gas Storage Report

	06-Mar-20	21-Feb-20	Change	Year Ago
East	426	451	-25	276
Midwest	529	558	-29	302
Mountain	97	101	-4	68
Pacific	200	197	3	105
South Central	791	784	7	497
Salt	235	229	6	144
Nonsalt	556	555	1	353
Total	2,043	2,091	-48	1,247

Sprague HeatCurve October-April



ICE May Brent-WTI Spread

