

## Market Commentary

**Recap:** Oil futures climbed on Wednesday, finding support as a slowdown in the number of new, confirmed cases of coronavirus in China may translate into a smaller-than-feared hit to crude demand. Prices pared some of their earlier gains, however, after U.S. government showed a third straight weekly rise in crude inventories that was bigger than market expectations. WTI for March delivery rose \$1.23, or about 2.5%, to settle at \$51.17 a barrel after trading as high as \$51.73. April Brent added \$1.78, or 3.3%, to \$55.79 a barrel. March RBOB rose 4.4% to \$1.581 a gallon, while March heating added 3% at \$1.6757 a gallon.

**Technical Analysis:** Just one day after settling below \$50.00, March WTI rebounded to push past \$51.18, the 10-day moving average for this spot contract. The inability to hold below \$50.00 indicates buying strength by traders, who seem skeptical that this market has more downside potential, and therefore has established a bottom. With moving oscillators crossing to the upside, we would look for a push toward \$52.00. Above this level, additional resistance is set at \$53.20. To the downside, support is set at \$50.00 and below that at \$49.30.

**Fundamental News:** The EIA reported that US East Coast gasoline stocks increased by 366,000 barrels last week to 67.4 million barrels, the highest since February 2019. Midwest gasoline stocks increased by 121,000 barrels to 58.8 million barrels, the highest since February 2019.

In a monthly report, OPEC cut its forecast for global growth in oil demand this year due to the coronavirus outbreak and said its output fell sharply in January as producers implemented a new supply-limiting pact. It said world oil demand is expected to increase by 990,000 bpd this year, a cut of 230,000 bpd from its previous forecast. It cut its 2020 demand forecast for OPEC crude by 200,000 bpd to 29.3 million bpd. OPEC reported that in January the producer group over-delivered on its cuts, lowering supply by 509,000 bpd to 28.86 million bpd due to involuntary losses in Libya as well as deliberate cuts. OPEC also cut its 2020 non-OPEC supply growth forecast by 100,000 bpd to 2.25 million bpd. It reported that OECD oil stocks in December increased by 680,000 bpd on the month to 29.5 million barrels above the 5-year average.

Kazakhstan's Energy Ministry said Russia and Kazakhstan will coordinate to reach a joint stance on possible further oil output cuts with OPEC and its allies. Saudi Arabia has been trying to persuade Russia to join deeper oil production cuts. Russia has stated that it will disclose its stance in the coming days. Kazakh Energy Minister, Nurlan Nogayev, said no decision had yet been reached but that the two countries would coordinate their stances.

On Wednesday, China reported its lowest number of new coronavirus cases in nearly two weeks, supporting a forecast by its foremost medical adviser for the outbreak to end by April. The 2,015 new cases increased China's total to 44,653. However, the World Health Organization has likened the epidemic's threat to terrorism and one expert said that while it may be peaking in China, this was not the case abroad. The head of the Global Outbreak Alert and Response Network coordinated by the WHO, Dale Fisher, said "it has spread to other places where it's the beginning of the outbreak."

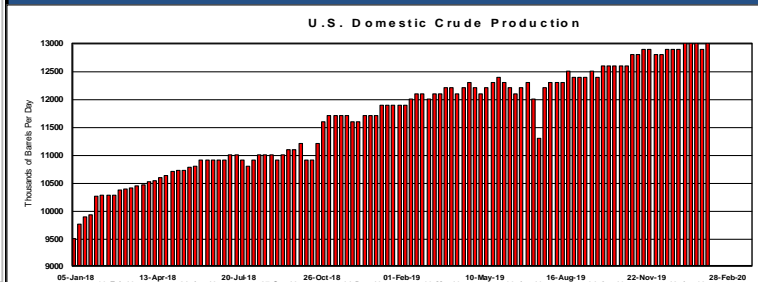
**Early Market Call - as of 9:15 AM EDT**

WTI - Mar \$51.40, up 23 cents  
 RBOB - Mar \$1.5900, up 90 points  
 HO - Mar \$1.6853, up 95 points

## All NYMEX | Prior Settlements

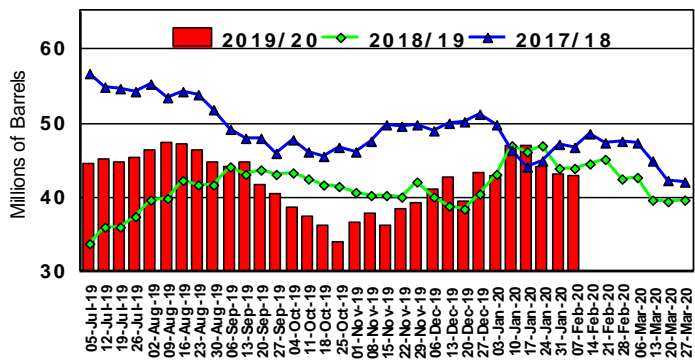
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-20	1.6757	0.0490	-0.0303
Apr-20	1.6727	0.0491	-0.0264
May-20	1.6700	0.0472	-0.0208
Jun-20	1.6709	0.0453	-0.0162
Jul-20	1.6756	0.0439	-0.0140
Aug-20	1.6825	0.0430	-0.0138
Sep-20	1.6911	0.0422	-0.0147
Oct-20	1.6996	0.0414	-0.0161
Nov-20	1.7073	0.0410	-0.0176
Dec-20	1.7136	0.0409	-0.0198
Jan-21	1.7196	0.0405	-0.0207
Feb-21	1.7219	0.0402	-0.0209
Mar-21	1.7183	0.0393	-0.0208
Apr-21	1.7096	0.0384	-0.0204
May-21	1.7081	0.0374	-0.0203
Jun-21	1.7081	0.0366	-0.0214
Jul-21	1.7122	0.0359	-0.0229

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$4.38	\$51.4100	\$1.2400
Crude - Brent		\$55.7900	\$1.7800
Natural Gas		\$1.8440	\$0.0560
Gasoline		\$1.5810	\$0.0668



## Weekly EIA Petroleum Status Report for the Week Ending February 7, 2020

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 7.459 million barrels  
 Cushing, OK Crude Stocks Up 1.668 million barrels  
**Gasoline Stocks** Down 95,000 barrels  
**Distillate Stocks** Down 2.013 million barrels  
**Refinery % Operated** 88%, up 0.6%

#### PADD #1

Distillate Stocks (in million bbls)	Week Ending Feb 07, 2020	Week Ending Jan 31, 2020	Week Ending Feb 8, 2019
New England	7.1	7.3	8.6
Central Atlantic	22.3	23.1	24.6
Total PADD #1	42.9	43.1	43.9
Distillate Imports (thousands b/d)	53	170	424

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