

Market Commentary

Recap: Both Brent and WTI futures fell on Friday after a mixed session on Thursday. Prices peeled away from fresh highs for the year, as the ISM manufacturing index for February sank to the lowest level since November 2016. This helped to end two weeks of gains for oil prices. It appears that traders have already accounted for the extension of OPEC lead production cuts, therefore oil markets may need to look for support outside of this. May Brent slipped as much as 2.5 percent to a session low of \$64.59, while April WTI touched down at \$55.57, for a loss of 2.8 percent. Losses were slightly pared, with May Brent settling at \$65.07 a barrel, down \$1.24, or 1.87 percent, while April WTI settled at \$55.80. April RBOB shed 1.3% to \$1.730 a gallon and April heating oil settled down 1.3% at \$2.001 a gallon. Front-month contract prices for both products fell for the week.

Technical Analysis: WTI finished lower on the week, but remains above key support set at \$55.00. Based upon a weekly spot continuation chart, WTI failed above \$57.05, the 38% retracement set by the October 2018 high of \$79.20 and the December 2018 low of \$43.36. With this in mind and short term moving oscillators crossing to the downside, we would look for WTI to begin the week under pressure. Below \$55.00, additional support is set at \$52.62. Resistance is set at \$56.52 and \$59.50.

Fundamental News: Baker Hughes reported that the number of oil rigs operating fell to the lowest level in almost nine months as some producers follow through on plans to cut spending. Drillers cut 10 oil rigs in the week ending March 1st, bringing the total count down to 843, the lowest since May 2018.

According to a Reuters survey, OPEC oil production fell to a four-year low in February, as Saudi Arabia and its Gulf allies over-delivered on the group's supply agreement while Venezuela's output registered a further involuntary decline. OPEC produced a total of 30.68 million bpd in February, down 300,000 bpd on the month and the lowest since 2015. In February, the 11 OPEC members bound by the new agreement produced a total of 25.93 million bpd, down 250,000 bpd from January's 26.18 million bpd. They achieved 101% of pledged cuts.

According to a Bloomberg survey, OPEC's crude oil output continued to fall in February. Output from the 14 members of OPEC fell by 560,000 bpd to 30.5 million bpd in February. The 11 members involved in the output cut agreement implemented 108% of the reduction.

Russia's Energy Minister, Alexander Novak, met Russian oil companies to discuss progress of a deal with OPEC on cutting oil production. The Energy Ministry and Russian oil producers agreed to continue fulfilling their agreements under the global oil output cut deal. He said Russia fully complied with the deal and its oil production in February was 97,000 bpd lower than the October level that is used as a reference for the global deal. He also stated that it was too early to say if the global deal to cut production between OPEC and other large oil producers would be extended.

Nigeria's Minister of State for Petroleum, Emmanuel Ibe Kachikwu, said the country implemented its portion of the OPEC+ production deal in February. He said Nigeria complied with its pledged 53,000 bpd reduction.

Oil Movements reported that OPEC oil shipments are expected to increase by 440,000 bpd to 24.11 million bpd in the four week period ending March 16th.

IIR Energy reported that US oil refiners are expected to shut in 1.54 million bpd of capacity in the week ending March 1st, increasing available refining capacity by 308,000 bpd from the previous week. IIR expects offline capacity to fall to 1.05 million bpd in the week ending March 8th.

Early Market Call - as of 9:23 AM EDT

WTI - Apr \$56.68 up 89 cents
 RBOB - Apr \$ 1.7566 up 2.67 cents
 HO - Apr \$2.0257 up 2.44 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-19	\$2.0010	-\$0.0225	-\$0.0301
Apr-19	\$1.9953	-\$0.0320	-\$0.0348
May-19	\$1.9914	-\$0.0303	-\$0.0368
Jun-19	\$1.9944	-\$0.0240	-\$0.0326
Jul-19	\$2.0012	-\$0.0204	-\$0.0299
Aug-19	\$2.0110	-\$0.0174	-\$0.0267
Sep-19	\$2.0196	-\$0.0187	-\$0.0279
Oct-19	\$2.0272	-\$0.0200	-\$0.0295
Nov-19	\$2.0341	-\$0.0209	-\$0.0307
Dec-19	\$2.0399	-\$0.0219	-\$0.0320
Jan-20	\$2.0406	-\$0.0270	-\$0.0370
Feb-20	\$2.0371	-\$0.0312	-\$0.0407
Mar-20	\$2.0262	-\$0.0387	-\$0.0476
Apr-20	\$2.0178	-\$0.0361	-\$0.0448
May-20	\$2.0132	-\$0.0321	-\$0.0411
Jun-20	\$2.0141	-\$0.0262	-\$0.0360
Jul-20	\$2.0147	-\$0.0262	-\$0.0359

Sprague HeatCurve Oct 2019-Apr 2020 \$2.0339

Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent-WTI Spread	\$56.1900	-\$1.4200
Crude - Brent		\$65.0700	-\$1.2400
Natural Gas	\$8.88	\$2.8590	\$0.0470
Gasoline		\$1.7303	-\$0.0220

NYMEX WTI Continuation Chart



6-10 Day Temperature Outlook

8-14 Day Temperature Outlook

