



MarketWatch | Refined Products

Tuesday, March 5, 2019

Market Commentary

Recap: Oil prices rose as much as 2 percent on Monday, supported by hopes that the U.S. and China could reach an agreement on what has been a tenacious stand-off between the two countries regarding a trade deal. April WTI opened the session trading above unchanged, and quickly shot to an overnight high of \$56.30. A period of sideways trading between \$56.16 and \$55.81 ensued before this spot took off to the upside. After establishing a fresh session high of \$57.00, April WTI worked its way back toward the bottom of the aforementioned range before settling at \$56.59 a barrel, up 70 cents, or 1.42 percent. May Brent reached a high of \$66.34, up \$1.27 before paring gains for a settlement of \$65.67 a barrel, up 60 cents, or .92 percent. April RBOB finished up 0.6% at \$1.740 a gallon and April heating oil climbing by 0.11% to \$2.004 a gallon.

Technical Analysis: WTI continues to pivot around the 10-day moving average, which is currently set at \$56.53. With moving oscillators crossed to the downside and trending lower, our bias is toward the downside. Support remains at \$55.00 and below that at \$52.62. Resistance is set at \$59.50.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Friday, March 1st increased by 739,384 barrels on the week and by 365,983 barrels from Tuesday, February 26th to 49,959,787 barrels.

Libya's National Oil Corp said it has lifted force majeure at the El Sharara oilfield on Monday. NOC said that production will resume within the next few hours with regular output to be reached over the coming days.

Aiteo said a fire in the southern Nigerian area of Nembe did not involve the Nembe Creek Truck Line or other pipelines. Separately, Royal Dutch Shell said that no force majeure was declared on Bonny Light crude oil exports following the fire. Loadings of Nigeria's Forcados crude have been delayed by at least 10 days after a leak on the main pipeline. Flows through the key Trans Forcados pipeline were temporarily reduced while the leak was being repaired last week.

Three OPEC sources stated that OPEC and its partners are unlikely to decide on their oil output policy in April as it would be too early to get a clear picture of the impact of their supply cuts on the market by then. The sources said the production policy by the so-called OPEC+ alliance is expected to be agreed on in June with an extension of the pact the likely scenario so far, but much depends on the extent of US sanctions on both OPEC members, Iran and Venezuela. OPEC and its allies are scheduled to meet in Vienna on April 17-18. Another OPEC source said the most likely outcome of the June meeting was a rollover of the current oil supply cuts.

Russia's Energy Minister, Alexander Novak, said Russia plans to speed up oil output cuts in March and by the end of the month it will bring the combined oil production cut level to 228,000 bpd from the October level.

Russian Energy Ministry data showed that Russia's oil production stood at 11.34 million bpd in February, down about 75,000 bpd from the October level, the baseline for a global deal but still missing the agreement target.

Reuters reported that OPEC seaborne crude oil exports fell in February to 23.85 million bpd, down 40,000 bpd on the month.

IIR Energy reported that US oil refiners are expected to shut in 970,000 bpd of capacity in the week ending March 1st, increasing available refining capacity by 557,000 bpd from the previous week. IIR expects offline capacity to fall to 797,000 bpd in the week ending March 15th.

Early Market Call - as of 8:50 AM EDT

WTI - Apr \$56.79, up 20 cents
 RBOB - Apr \$1.7604, up 1.14 cents
 HO - Apr \$2.0078, down 65 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-19	\$2.0143	\$0.0190	\$0.0395
Apr-19	\$2.0092	\$0.0178	\$0.0365
May-19	\$2.0060	\$0.0116	\$0.0344
Jun-19	\$2.0097	\$0.0085	\$0.0335
Jul-19	\$2.0167	\$0.0057	\$0.0329
Aug-19	\$2.0268	\$0.0072	\$0.0321
Sep-19	\$2.0357	\$0.0085	\$0.0309
Oct-19	\$2.0434	\$0.0093	\$0.0299
Nov-19	\$2.0506	\$0.0107	\$0.0295
Dec-19	\$2.0567	\$0.0161	\$0.0289
Jan-20	\$2.0572	\$0.0201	\$0.0281
Feb-20	\$2.0538	\$0.0276	\$0.0279
Mar-20	\$2.0428	\$0.0250	\$0.0276
Apr-20	\$2.0345	\$0.0213	\$0.0276
May-20	\$2.0300	\$0.0159	\$0.0278
Jun-20	\$2.0308	\$0.0161	\$0.0277
Jul-20	\$2.0316	\$0.0154	\$0.0279

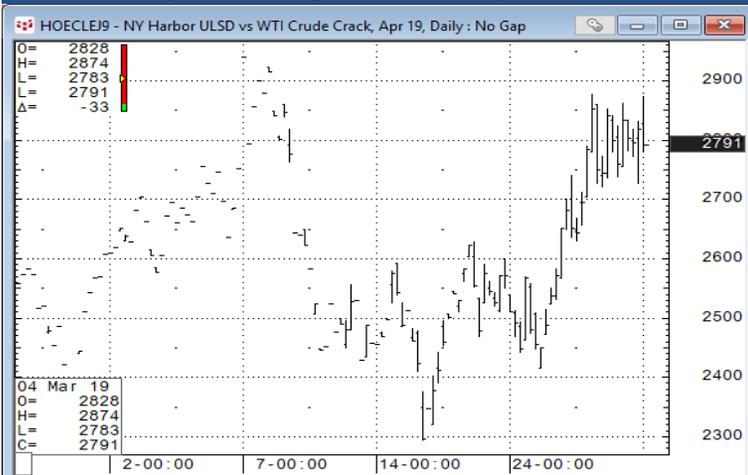
Sprague HeatCurve Oct 2019-Apr 2020 \$2.0510

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$8.70	\$56.9700	\$0.6800
Crude - Brent		\$65.6700	\$0.6000
Natural Gas		\$2.8570	-\$0.0020
Gasoline		\$1.7490	\$0.0187

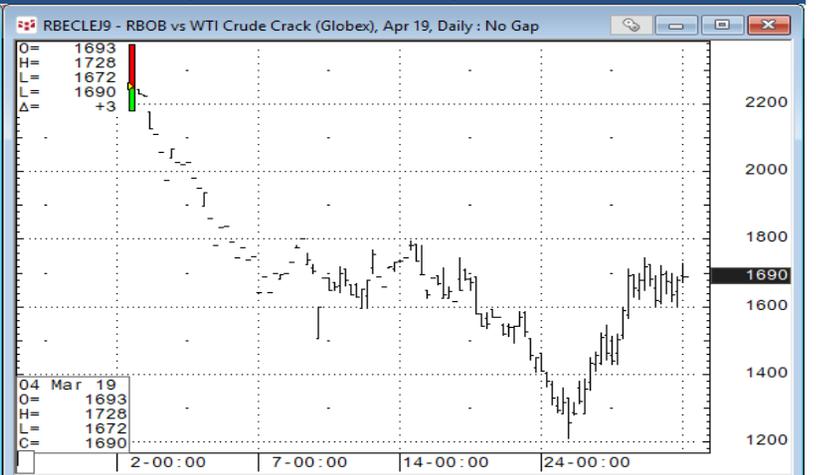
ICE May Brent-WTI Spread



April Heating Oil Crack Spread



April RBOB Crack Spread



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