

Market Commentary

Recap: The oil market stabilized on Tuesday on signs that OPEC plans to maintain its production cuts despite the pressure from US President Donald Trump to ease its efforts to support oil prices. The market breached Monday's low and posted a low of \$55.02 in overnight trading as it continued to trend lower. The news that Libya's internationally recognized government agreed with the state oil company to reopen the country's El Sharara oilfield, weighed on prices. However, the market later bounced off its low and remained support as it rallied towards the \$56.00 level by mid-day. The market posted a high of \$55.99 before it gave up some of its gains ahead of the close. The April WTI contract settled up 2 cents at \$55.50, while the April Brent contract settled up 45 cents at \$65.21. The product markets were supported, with the heating oil market settling up 2.39 cents at \$1.9985 and the RBOB market settling up 4.11 cents at \$1.5863.

Technical Analysis

The WTI market, which bounced off its low and rallied higher, will likely continue to retrace more of its downward move. The market is seen finding resistance at its high of \$56.08, \$57.53 and \$57.81. Meanwhile, the market is seen finding support at \$55.02, \$54.62, \$53.96 and \$53.51.

Fundamental News: A Gulf OPEC source said that OPEC and its allies will continue with their agreement to cut oil supply, despite a demand by US President Donald Trump that the producer group ease its efforts to increase crude prices. The source said that based on current market data, the OPEC and non-OPEC group is likely to continue with the production cuts until the end of the year.

Libya's internationally recognized government has agreed with state oil firm NOC on steps to reopen the El Sharara oilfield and lift a force majeure.

US waterborne crude imports fell by 750,800 bpd to 3.09 million bpd in the week ending February 22nd.

BP Plc's CEO, Bob Dudley, said he does not believe an oil supply gap is imminent. He said oil prices at \$50-\$70/barrel can work for consumers and producers.

Goldman Sachs Global Head of Commodities Research, Jeff Currie, said OPEC could rebalance the oil market by April.

Saudi Aramco's Chief Executive, Amin Nasser, said the oil industry is facing a crisis of perception and the views of some observers that the end of oil is near with the rise of electric vehicles are illogical and not based on fact. He said that the demand for oil is expected to increase substantially, driven mainly by the transportation sector. He called for more investment in the oil and gas sector to meet future growth and said the oil industry must "push back exaggerated theories like peak oil demand." In regards to Saudi Aramco's oil production, he said the company is producing about 10 million bpd.

Saudi Arabia's crude oil exports to China are expected to increase to about 1.5 million bpd in the first quarter of this year, driven by increasing demand. Saudi Arabia increased its shipments to China in 2018 by 8.7% to 56.73 million tons or 1.135 million bpd. The country plans to produce 9.8 million bpd in March, more than 500,000 bpd below its pledged production level under the OPEC and non-OPEC output cut agreement.

Venezuela is running out of storage space for its crude, forcing it to reduce its output at a time when the world is demanding heavy, sulfurous oil. Sixteen tankers holding 8.36 million barrels of Venezuelan crude worth about half-billion dollars are floating off the country's coast.

Early Market Call - as of 9:05 AM EDT

WTI - Apr \$56.66 up \$1.16

RBOB - Mar \$1.6090 up 2.27 cents

HO - Mar \$2.0218 up 2.33 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-19	\$1.9985	\$0.0239	-\$0.0198
Apr-19	\$1.9981	\$0.0233	-\$0.0200
May-19	\$1.9944	\$0.0217	-\$0.0223
Jun-19	\$1.9922	\$0.0206	-\$0.0238
Jul-19	\$1.9958	\$0.0196	-\$0.0250
Aug-19	\$2.0026	\$0.0188	-\$0.0253
Sep-19	\$2.0130	\$0.0183	-\$0.0249
Oct-19	\$2.0226	\$0.0178	-\$0.0247
Nov-19	\$2.0310	\$0.0175	-\$0.0250
Dec-19	\$2.0383	\$0.0172	-\$0.0251
Jan-20	\$2.0445	\$0.0167	-\$0.0250
Feb-20	\$2.0455	\$0.0164	-\$0.0244
Mar-20	\$2.0422	\$0.0163	-\$0.0239
Apr-20	\$2.0316	\$0.0164	-\$0.0232
May-20	\$2.0233	\$0.0164	-\$0.0234
Jun-20	\$2.0186	\$0.0164	-\$0.0241
Jul-20	\$2.0193	\$0.0162	-\$0.0244

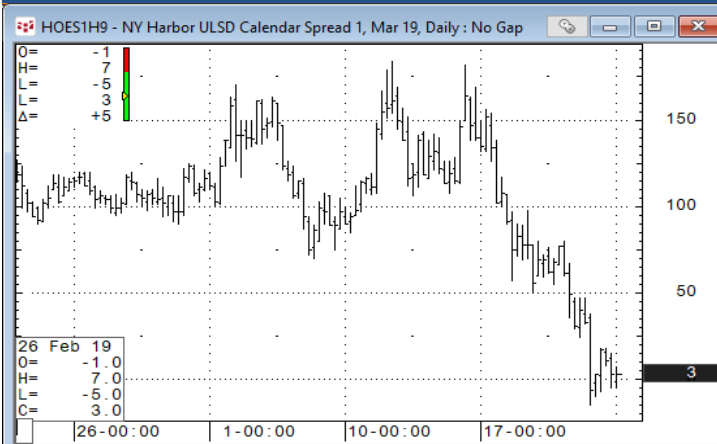
Sprague HeatCurve Oct 2019-Apr 2020 \$2.0390

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$55.5000	\$0.0200
Crude - Brent	WTI Spread	\$65.2100	\$0.4500
Natural Gas	\$9.71	\$2.8550	\$0.0190
Gasoline		\$1.5863	\$0.0411

API Weekly Report for the Week Ending February 22, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 4.2 million barrels	Up 2.4/3.6 million barrels
Cushing, OK Crude Stocks	Up 2 million barrels	
Gasoline Stocks	Down 3.9 million barrels	Down 1.8 million barrels
Distillate Stocks	Up 394,000 barrels	Down 2.2 million barrels
Refinery Runs	Down 235,000 bpd	Down 0.1%

NYMEX Heating Oil Mar-Apr Spread



NYMEX RBOB Mar-Apr Spread

