

Market Commentary

Recap: Oil prices fell on Wednesday after the EIA reported a 13.8 million barrel build in U.S. crude oil inventories, the largest gain since 2016 while gasoline demand suffered its biggest weekly drop ever due to the coronavirus pandemic. Gasoline demand fell by the most ever in one week, with products supplied, a proxy of demand, dropping 2.2 million barrels per day to 6.7 million barrels per day. Oil futures, however pared most of their losses after the Wall Street Journal reported that U.S. President Donald Trump will meet with the heads of some of the largest U.S. oil companies to discuss measures to help the industry deal with the oil price crash. May WTI fell 17 cents, or 0.8%, to settle at \$20.31 a barrel after dropping to a low of \$19.90. Brent for May delivery dropped \$1.61, or 6.1%, to settle at \$24.74 a barrel. May RBOB slipped 4.6 cents, or 7.8%, to 54.64 cents a gallon, while May heating oil lost 6.9 cents, or 6.9%, to 93.23 cents a gallon, the lowest front month settlement since January 2016.

The coronavirus pandemic and the price war between Saudi Arabia and Russia have been driving down oil prices for weeks while at the same time stunting demand for gasoline. This weakening demand for gasoline continues to pressure the front month spread in RBOB, with the May/June spread losing 380% since the start of the year.

Technical Analysis: Once again, the \$20.00 level has proven itself as a key area of support, as May WTI failed to settle below it. With expectations that this market will continue to be flooded with supply, the likelihood of breaking down below \$20.00 has only increased. Our downside objective is \$17.50. Resistance is set at \$22.50 and above that at \$25.00.

Fundamental News: The Wall Street Journal reported that US President, Donald Trump, plans to meet with oil executives on Friday to discuss potential aid to the industry, including possible tariffs on oil imports from Saudi Arabia. The meeting will include Exxon Mobil Corp, Chevron Corp and Occidental Petroleum Corp. President Trump complained that oil cheaper "than water" was hurting the industry.

US President, Donald Trump, warned Iran and its proxies against attacking US troops or assets in Iraq, citing a possible "sneak attack" but gave no other details in a post on Twitter.

Meanwhile, the top adviser to Iran's Ayatollah Khamenei warned the US of consequences of provocative actions in Iraq.

Russia's Energy Ministry said Russian Energy Minister, Alexander Novak, and US Energy Secretary, Dan Brouillette, discussed mutual cooperation during a phone conversation. Both underlined that a decline in demand and oversupply in the market creates risks in the longer term. Separately, Russia's President, Vladimir Putin, said Russia and other oil producers and consumers should find solutions that improve the situation in the oil market. He called for global oil producers and consumers to address "challenging" oil markets.

Oil traders are storing as much as 80 million barrels of oil on tankers at sea, with further ships being sought as land storage sites fill up quickly due to the global oversupply.

Oil expert, Daniel Yergin, told Goldman Sachs that demand could fall by 20 million bpd in April, or even more referring to the "biggest demand drop in modern times" while Saudi Arabia and Russia engage in a price war. Meanwhile, Goldman Sachs' global commodities head, Jeff Currie, reiterated the bank's view that Brent crude is likely to stay near \$20/barrel, since producers of the crude have more easy access to waterborne storage than producers of WTI crude.

Saudi Arabia's crude supply increased to a record of more than 12 million bpd, despite a fall in demand triggered by the coronavirus outbreak and US pressure on the country to stop flooding the market.

Early Market Call - as of 8:30 AM EDT

WTI - May \$22.48, up \$2.16

RBOB - May \$6.149, up 6.79 cents

HO - May \$9.786, up 4.64 cents

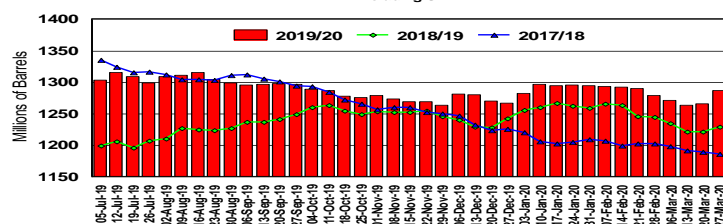
All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
May-20	0.9323	-0.0692	0.1672
Jun-20	0.9528	-0.0648	0.1622
Jul-20	0.9843	-0.0572	0.1496
Aug-20	1.0238	-0.0501	0.1314
Sep-20	1.0637	-0.0444	0.1154
Oct-20	1.0961	-0.0405	0.1049
Nov-20	1.1186	-0.0391	0.1010
Dec-20	1.1350	-0.0379	0.0986
Jan-21	1.1506	-0.0369	0.0952
Feb-21	1.1636	-0.0358	0.0919
Mar-21	1.1763	-0.0346	0.0875
Apr-21	1.1871	-0.0335	0.0833
May-21	1.2003	-0.0332	0.0817
Jun-21	1.2136	-0.0331	0.0812
Jul-21	1.2324	-0.0330	0.0802
Aug-21	1.2489	-0.0329	0.0792
Sep-21	1.2617	-0.0326	0.0785

Sprague Heat Weighted Strip October -April 20/2021 **\$1.1499**

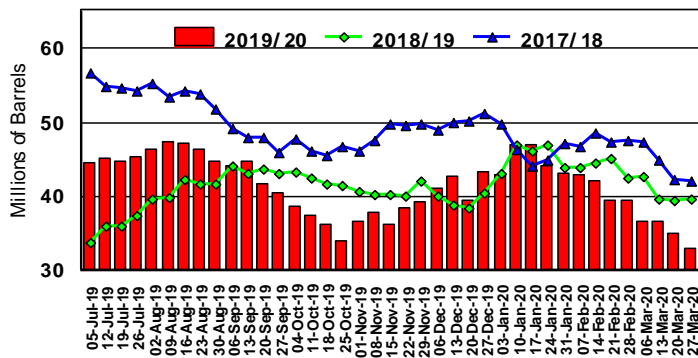
Other Front Month NYMEX	Close	Change
Crude - WTI	\$23.7400	-\$0.7700
Crude - Brent	\$24.7400	-\$1.6100
Natural Gas	\$1.5870	-\$0.0530
Gasoline	\$0.5465	-\$0.0462

Total U.S. Oil Stocks
Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending March 27, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 13.833 million barrels

Cushing, OK Crude Stocks Up 3.521 barrels

Gasoline Stocks Up 7.524 million barrels

Distillate Stocks Down 2.194 million barrels

Refinery % Operated 82.3%, down 5%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Mar 27, 2020	Week Ending Mar 20, 2020	Week Ending March 28, 2019
New England	6.1	6.7	6.2
Central Atlantic	16.2	17.6	20.7
Total PADD #1	33.0	35.0	39.6
Distillate Imports (thousands b/d)	89	104	115