

Market Commentary

Recap: Oil futures declined on Wednesday, with the U.S crude benchmark settling at its lowest in more than a year as global energy demand worries fed by the spread of COVID-19 pulled prices down for a fourth consecutive session. Prices briefly turned to the upside after the EIA reported a larger than expected draw in U.S gasoline inventories last week. Despite the less than expected build in U.S. crude oil inventories last week, traders appear to be more concerned about the effects the coronavirus is having on demand. April WTI fell \$1.17, or 2.3%, to settle at \$48.73 barrel. That was the lowest front-month contract finish since January 2019. April Brent lost \$1.52, or 2.8%, to \$53.43 a barrel, for the lowest settlement since Feb. 10. March RBOB fell 5.1% to \$1.4549 a gallon, while March heating oil declined by 4.4% at \$1.4994 a gallon.

Technical Analysis: WTI fell to a fresh low, as it continued to pull away from the \$50.00 level. At this point in time, we could see a bounce back to that level, where we would expect to see a round of fresh selling. To the downside, we would not discount a run toward \$47.50 and below that \$45.00.

Fundamental News: The World Health Organization Director-General, Tedros Adhanom Ghebreyesus, said the sudden increase in coronavirus cases in Italy, Iran and South Korea is “deeply concerning”, but the virus can still be contained and does not amount to a pandemic. For the first time on Tuesday, the number of new cases officially reported outside China of 427 by 37 countries has exceeded new cases reported by Beijing. Separately, World Health Organization Europe Director, Hans Kluge, said the number of recorded cases of coronavirus has increased to 80,988 across 33 countries, but added that there is no need to panic over the outbreak.

The US issued travel advisories for Iran, Italy and Mongolia, warning of the risks of coronavirus or disruptions related to efforts to control the spread of the disease. The US State Department urged US citizens to exercise increased caution when traveling to Italy and said those in Iran should also be careful. It also urged US citizens to reconsider visiting Mongolia due to travel and transport restrictions put in place in response to the spread of the coronavirus in neighboring China.

Goldman Sachs' equity research cut its 2020 oil demand growth forecast to 600,000 bpd from 1.2 million bpd and lowered its Brent price forecast to \$60/barrel from a previous estimate of \$63/barrel. It anticipates 100,000 bpd of quarterly US oil growth on average, with fourth quarter increasing by 300,000 bpd quarter on quarter.

Vitol sees US oil production peaking at about 14 million bpd in the next few years. Vitol's Chief Executive, Russell Hardy, said oil production is expected to peak because it takes so much operationally just to maintain levels.

IIR Energy reported that US oil refiners are expected to shut in 1.191 million bpd of capacity in the week ending February 28th, cutting available refining capacity by 161,000 bpd from the previous week. Offline capacity is expected to increase to 1.311 million bpd in the week ending March 6th.

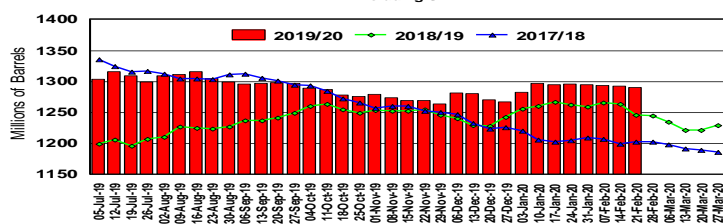
Early Market Call - as of 9:05 AM EDT
WTI - Apr \$46.67, down \$2.05
RBOB - Mar \$1.3767, down 7.74 cents
HO - Mar \$1.4632, down 3.33 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-20	1.4994	-0.0691	0.1982
Apr-20	1.4974	-0.0683	0.1954
May-20	1.4962	-0.0658	0.1935
Jun-20	1.4998	-0.0629	0.1900
Jul-20	1.5079	-0.0597	0.1856
Aug-20	1.5205	-0.0556	0.1797
Sep-20	1.5353	-0.0515	0.1733
Oct-20	1.5496	-0.0477	0.1670
Nov-20	1.5621	-0.0448	0.1620
Dec-20	1.5727	-0.0422	0.1566
Jan-21	1.5829	-0.0402	0.1517
Feb-21	1.5892	-0.0383	0.1468
Mar-21	1.5910	-0.0359	0.1401
Apr-21	1.5880	-0.0340	0.1335
May-21	1.5913	-0.0327	0.1278
Jun-21	1.5962	-0.0319	0.1217
Jul-21	1.6051	-0.0305	0.1164

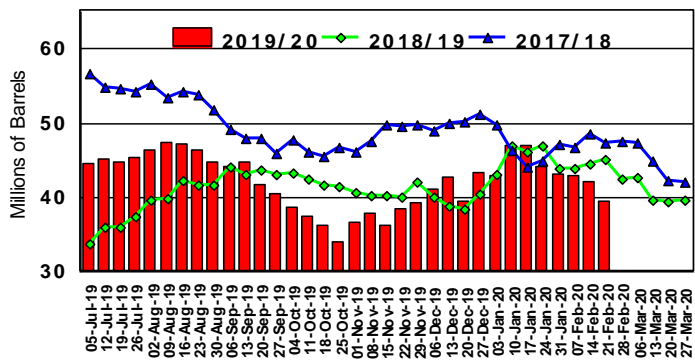
Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$4.70	\$48.7300	-\$1.1700
Crude - Brent		\$53.4300	-\$1.5200
Natural Gas		\$1.8210	-\$0.0260
Gasoline		\$1.4549	-\$0.0775

Total U.S. Oil Stocks
Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending February 21, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 452,000 barrels
Cushing, OK Crude Stocks Up 906,000 barrels
Gasoline Stocks Down 2.691 barrels
Distillate Stocks Down 2.115 million barrels
Refinery % Operated 87.9%, down 1.5%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Feb 21, 2020	Week Ending Feb 14, 2020	Week Ending Feb 22, 2019
New England	6.5	7.0	8.4
Central Atlantic	21.9	22.1	24.7
Total PADD #1	39.4	42.1	45.0
Distillate Imports (thousands b/d)	164	107	317

This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.