

Market Commentary

Recap: Oil futures climbed off of 18-year lows on Tuesday after U.S. President Donald Trump and Russian counterpart Vladimir Putin spoke about efforts to fight the spread of the coronavirus and stabilize the crude oil market and after China reported strong manufacturing data. May WTI settled at \$20.48 a barrel, up 39 cents, or 1.94%. Despite the rebound, U.S. oil futures settled down 54% on the month and 66% in the first quarter. May Brent went off the board at \$22.74 a barrel, down 2 cents, or 0.09%. This represents a 55% drop for the month of March and a 66% quarterly loss. Both futures contracts suffered the biggest monthly and quarterly percentage losses in contract history. April RBOB fell 2.1% to 57.32 a gallon, losing 59% for the month, while April heating oil ended at \$1.0121 a gallon, down 0.7% for the day to suffer a decline of 32.1% for the month. The April contracts expired at the end of the day's session.

Technical Analysis: Crude oil continues to try and hammer out a floor down around the \$20.00 level, but so far any attempts to take this market higher have been weak. With WTI settling close to the \$20.00 mark, we would look for prices to continue to slip, with attempts to settle back below this psychological support level. Below \$20.00, additional support is set at \$19.00. Resistance remains at \$25 and above that at \$27.50.

Fundamental News: Saudi Aramco has asked energy service companies to support the company's plans to produce at its maximum output capacity of 12 million bpd "starting April 1st and for the foreseeable future".

OPEC's oil output increased in March from the lowest level in more than a decade as Saudi Arabia increased its output following the collapse of an OPEC-led output cut agreement, offsetting further declines in Libya, Iran and Venezuela. On average, OPEC produced 27.93 million bpd in March, up 90,000 bpd from February's estimate. The 10 OPEC members bound by the output cut agreement still exceeded the pledged cuts in March, with a production level of 25.07 million bpd.

According to a Reuters survey, oil prices are expected to remain below \$40/barrel this year. A survey of 40 analysts forecast Brent crude prices would average \$38.76/barrel in 2020, 36% lower than the \$60.63/barrel forecast in February. The 2020 outlook for WTI was cut to \$35.29/barrel from last month's forecast of \$55.75/barrel. Analysts expect global demand to fall by between 700,000 bpd and 5 million bpd in 2020, potentially surpassing the fall in 2009 during the financial crisis. It also showed that US oil production could fall by 500,000 bpd to 3 million bpd this year.

The EIA reported that US crude oil production in January fell by 60,000 bpd to 12.744 million bpd from a revised 12.804 million bpd in December.

The American Automobile Association said the average retail price for a gallon of gasoline in the US fell below \$2/gallon on Tuesday. The national average price of gasoline stands at \$1.997/gallon, down 45 cents on the month.

Diesel and gasoil arriving in Europe from the US was expected to increase slightly this week, although flows on the route remained thin despite strong demand for diesel, as higher inflows from the East of Suez and increased Russian exports filled in supply gaps due to domestic refineries cutting runs or undergoing seasonal maintenance. A total of 120,500 tons is expected to discharge in Northwest Europe and the Mediterranean this week, up 22.5% on the week. March arrivals from the US are expected to total 567,000 tons, while April arrivals were currently 157,000 tons. Meanwhile, vessels loading from the East of Suez for arrival during April had now increased to almost 2 million tons, according to Refinitiv tracking.

Early Market Call - as of 8:50 AM EDT

WTI - May \$20.26, down 23 cents

RBOB - May \$5324, down 6.08 cents

HO - May \$9777, down 2.38 cents

All NYMEX | Prior Settlements

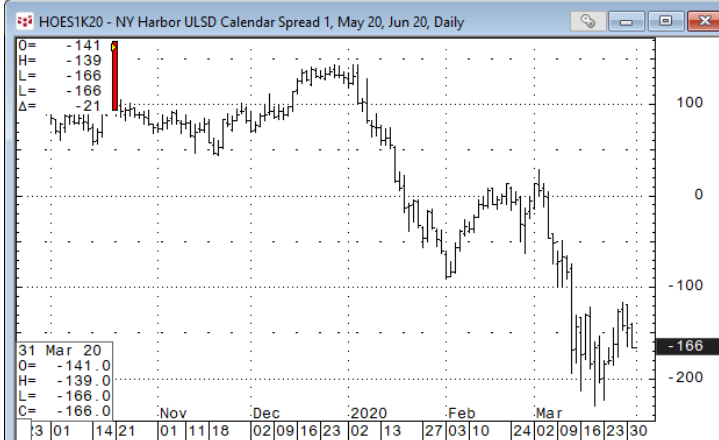
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-20	1.0121	-0.0073	0.0682
May-20	1.0015	-0.0138	0.0821
Jun-20	1.0176	-0.0122	0.0837
Jul-20	1.0415	-0.0103	0.0807
Aug-20	1.0739	-0.0085	0.0711
Sep-20	1.1081	-0.0068	0.0608
Oct-20	1.1366	-0.0066	0.0536
Nov-20	1.1577	-0.0074	0.0505
Dec-20	1.1729	-0.0078	0.0494
Jan-21	1.1875	-0.0079	0.0473
Feb-21	1.1994	-0.0079	0.0450
Mar-21	1.2109	-0.0084	0.0420
Apr-21	1.2206	-0.0091	0.0389
May-21	1.2335	-0.0105	0.0373
Jun-21	1.2467	-0.0122	0.0376
Jul-21	1.2654	-0.0128	0.0374
Aug-21	1.2818	-0.0127	0.0371

Sprague Heat Weighted Strip October -April 20/2021		\$1.1866	
Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent-	\$20.4800	\$0.3900
Crude - Brent	WTI Spread	\$22.7400	-\$0.0200
Natural Gas	\$2.26	\$1.6400	-\$0.0500
Gasoline		\$0.5732	-\$0.0123

API Report for the Week Ending March 27, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 10.5 million barrels	Up 4/4.6 million barrels
Cushing, OK Crude Stocks	Up 2.9 million barrels	
Gasoline Stocks	Up 6.1 million barrels	Up 1.9/3.6 million barrels
Distillate Stocks	Down 4.5 million barrels	Down 600,000/Up 1 mb
Refinery Runs	Down 928,000 b/d	Down 0.1%/1.2%
Crude Imports	Down 146,000 b/d	

Heating Oil May-June Spread



Sprague HeatCurve October-April

