

## Market Commentary

**Recap:** Oil futures finished higher on Friday, with U.S. prices posting a climb of about 25% for the week, finding support from signs of production declines and an improvement in demand for petroleum products. On Friday, Baker Hughes reported an eighth weekly decline in the number of active U.S. oil rigs, which backs expectations for an upcoming fall in production. June West Texas Intermediate oil rose \$1.19, or 5.1%, to settle at \$24.74 a barrel. For the week, the front-month contract rose 25.1%, according to Dow Jones Market Data. July Brent added \$1.51, or 5.1%, at \$30.97 a barrel, for a 17.1% weekly climb. June ROBOB tacked on 2.2% at 95.22 cents a gallon, ending over 24% higher for the week. June heating oil rose 7.4% at 89.93 cents a gallon, with prices posting a rise of 13% for the week.

**Technical Analysis:** June WTI stretched toward \$25, but was unable to recapture this key resistance level. Oil prices continue to try and cover despite a lack of demand amidst an abundance of supplies. Coming into the next trading session, we would look for a run at this level once again. Above this level, additional resistance is set between the range of \$27.50 and \$27.73, the current 50-day moving average. Given the amount of resistance all the way up toward \$30, we would expect to see intermittent bouts of selling. Support is set at \$23 and below that at \$21.52.

**Fundamental News:** Baker Hughes reported that the number of active US rigs drilling for oil in the week ending May 8<sup>th</sup> fell by 33 to 292 this week. The number of oil rigs has fallen for an eighth consecutive week.

Analysts expect companies will keep pulling rigs for the rest of the year and will be hesitant to activate many new units in 2021 and 2022. Raymond James projected the oil and gas rig count would fall from around 800 at the end of 2019 to about 400 by the middle of the year and 200 at the end of 2020. The investment bank expects an average of just 225 operating rigs in 2021. Meanwhile, US financial services firm Cowen & Co said 37 of the independent exploration and production companies it tracks have cut spending plans since early March when crude prices started to decline, implying a 45% decline in 2020 capex. Before the price collapse, it forecast a drop of 11%.

IIR Energy reported that US oil refiners are expected to shut in about 4.5 million bpd of capacity offline in the week ending May 8<sup>th</sup>, increasing available refining capacity by 116,000 bpd from the previous week. Offline capacity is expected to remain steady at about 4.5 million bpd in the week ending May 15, and fall to 2.1 million bpd in the subsequent week.

The US Labor Department reported that the US nonfarm payrolls in April fell by 20.5 million compared with an expected decline of 21.5 million. It was the largest decline in payrolls since the Great Depression and the worst sign yet of how the coronavirus pandemic is battering the US economy. Data for March was revised to show 870,000 jobs lost instead of 701,000 as previously reported. It reported that the US unemployment rate increased to 14.7% in April from 4.4% in March.

White House economic adviser, Kevin Hassett, said the US unemployment rate is likely to increase to around 20% this month from an already historically high 14.7%. He said the US economy should transition to stronger footing in the summer.

White House adviser, Larry Kudlow, said the Trump administration is considering making business expenditures to make changes for coronavirus safety tax deductible. He also stated that Trump administration is making contingency plans for a second wave of the coronavirus, including possible future shutdowns. He expects a pause on any additional coronavirus stimulus through May.

### Early Market Call - as of 9:00 AM EDT

WTI - June \$24.75, up 1 cent

ROBOB - June \$.9712, up 1.9 cents

HO - June \$.9070, up 79 points

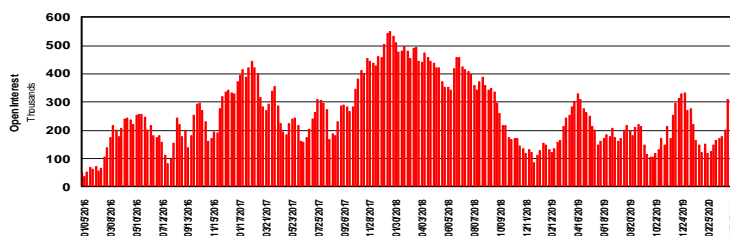
## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jun-20	0.8993	0.0622	-0.1032
Jul-20	0.9396	0.0594	-0.0918
Aug-20	0.9766	0.0561	-0.0849
Sep-20	1.0104	0.0526	-0.0807
Oct-20	1.0404	0.0484	-0.0762
Nov-20	1.0632	0.0442	-0.0709
Dec-20	1.0783	0.0413	-0.0651
Jan-21	1.0929	0.0399	-0.0598
Feb-21	1.1056	0.0392	-0.0553
Mar-21	1.1164	0.0389	-0.0520
Apr-21	1.1228	0.0379	-0.0501
May-21	1.1350	0.0362	-0.0504
Jun-21	1.1489	0.0350	-0.0515
Jul-21	1.1678	0.0344	-0.0506
Aug-21	1.1846	0.0338	-0.0487
Sep-21	1.1976	0.0332	-0.0458
Oct-21	1.2076	0.0330	-0.0419

### Sprague Heat Weighted Strip October -April 20/2021 \$1.0918

	Close	Change
Crude - WTI	\$26.1700	\$1.3400
Crude - Brent	\$30.9700	\$1.5100
Natural Gas	\$1.8230	-\$0.0710
Gasoline	\$0.9522	\$0.0208

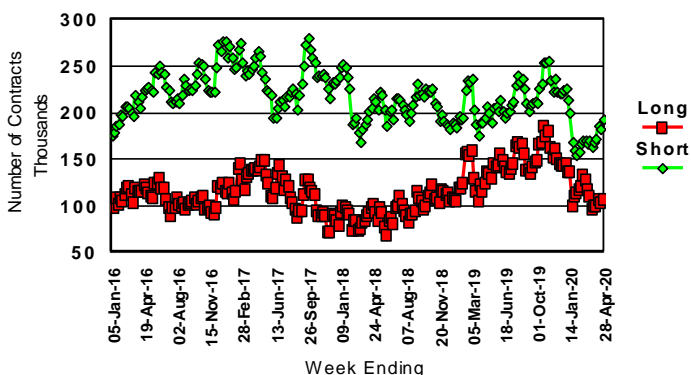
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending May 5, 2020

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

