

Market Commentary

Recap: Trading in the oil markets was erratic on Wednesday after the EIA reported a 19 million barrel increase in U.S. crude oil inventories, the largest weekly build ever, while demand continues to deteriorate. WTI began the session trading to the upside, but quickly reversed course after the release of the report. The May contract slipped below \$20.00 a barrel, to trade at a low of \$19.20, down 91 cents. But prices received a post settlement jolt after President Trump tweeted that the U.S. is considering paying U.S. producers not to produce. After settling at \$19.87 a barrel, down 24 cents, or 1.19% on the day, May WTI shot up to \$20.47. However these gains were trimmed, with this spot contract finishing the session trading within the range of \$20.10 and \$20.27. June Brent settled down \$1.91, or nearly 6.6%, to \$27.69 a barrel. The settlement in WTI was the lowest settlement for a front month contract since Feb 7, 2002. May RBOB ended little changed at 72.04 cents a gallon, up 0.06%, while May heating oil lost 3.2% to 91.38 cents a gallon, the lowest since January 2016.

Technical Analysis: In yet another sign of weakness, May WTI settled below the \$20 level. Despite the post settlement run-up, technical indicators remain weak and are supported by overwhelming bearish fundamentals. At this point, we are still looking for lower prices, with a test at \$17.50. Below this level, there is support set at \$15.00. Resistance is set at \$25.00 and \$27.50.

Fundamental News: A Bloomberg News reporter tweeted that the US is considering paying drillers not to produce.

The International Energy Agency forecast a 29 million bpd oil demand decline in April to levels not seen in 25 years and warned no output cut by producers could fully offset the near-term falls facing the market. The IEA forecast a 9.3 million bpd drop in demand for 2020 despite what it called a "solid start" by producers following a record deal to curb supply in response to the coronavirus pandemic. The IEA said it was "still waiting for more details on some planned production cuts and proposals to use strategic storage", noting the United States, India, China and South Korea have either offered or are considering such purchases. It added that "if the transfers into strategic stocks, which might be as much as 200 million barrels, were to take place in the next three months or so, they could represent about 2 million bpd of supply withdrawn from the market."

Goldman Sachs stated that the supply-demand imbalance in the oil market will not improve just by countries buying crude to add to their strategic reserves. This follows reports that the US, Japan, South Korea may buy oil to replenish reserves. Among oil consumers in the Asia Pacific, India and Australia are planning to increase their reserves.

Dozens of tankers holding jet fuel and gasoline are at anchor in sea lanes around Europe's main storage hubs, unable to discharge their cargoes as onshore tanks are full to capacity following the collapse in demand linked to the coronavirus crisis. According to Reuters, nearly 1 million tons of refined products are stored on around 30 tankers off Europe's coast.

Russia's Energy Minister, Alexander Novak, said global oil demand may decline by 8 million bpd this year. He said global oil output cuts could be adjusted over the course of the year. He also stated that the current global oil deal is in the interest of Russia. Meanwhile, Russia's President, Vladimir Putin, said it is important that everyone complies with their pledge to cut oil output.

Mexico's Energy Minister, Rocio Nahle, said the country will contribute to the OPEC+ production cuts by cutting 100,000 bpd in May-June only. Separately, Pemex's CEO, Octavio Romero, said the company's oil sales have not declined and added that storage capacity has been sufficient. He also estimates that the company's oil hedge will pay out 7.5 billion pesos in 2020.

Early Market Call - as of 8:30 AM EDT

WTI - May \$20.25 up 38 cents

RBOB - May \$7.486 up 0.0282

HO - May \$9.576 up 0.0449

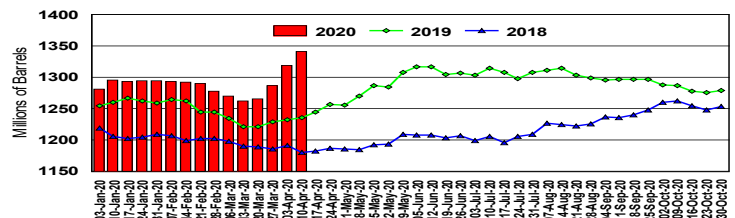
All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
May-20	0.9138	-0.0304	0.0969
Jun-20	0.9507	-0.0358	0.0940
Jul-20	0.9974	-0.0379	0.0889
Aug-20	1.0446	-0.0386	0.0810
Sep-20	1.0880	-0.0388	0.0736
Oct-20	1.1240	-0.0396	0.0659
Nov-20	1.1507	-0.0407	0.0578
Dec-20	1.1707	-0.0420	0.0516
Jan-21	1.1898	-0.0424	0.0466
Feb-21	1.2046	-0.0426	0.0432
Mar-21	1.2158	-0.0433	0.0416
Apr-21	1.2212	-0.0443	0.0426
May-21	1.2284	-0.0454	0.0426
Jun-21	1.2377	-0.0458	0.0416
Jul-21	1.2555	-0.0462	0.0406
Aug-21	1.2723	-0.0465	0.0395
Sep-21	1.2867	-0.0469	0.0383

Sprague Heat Weighted Strip October -April 20/2021 \$1.1868

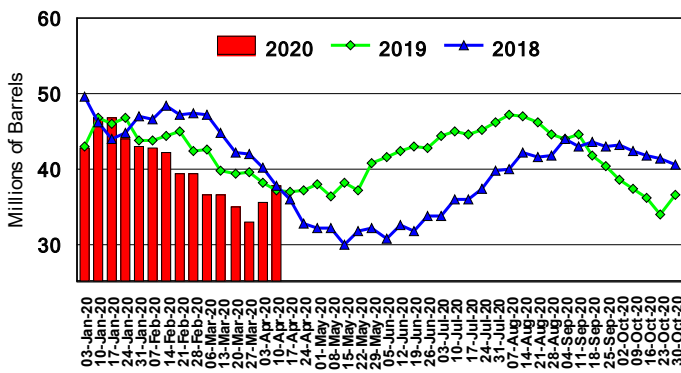
Other Front Month NYMEX	Close	Change
Crude - WTI	\$26.0400	-\$1.3600
Crude - Brent	\$27.6900	-\$1.9100
Natural Gas	\$1.5980	-\$0.0520
Gasoline	\$0.7204	\$0.0004

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending April 10, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 19.248 million barrels

Cushing, OK Crude Stocks Up 5.724 million barrels

Gasoline Stocks Up 4.914 million barrels

Distillate Stocks Up 6.28 million barrels

Refinery % Operated 69.1%, down 6.5%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Apr 10, 2020	Week Ending Apr 3, 2020	Week Ending Apr 11, 2019
New England	6.5	6.2	6.0
Central Atlantic	16.9	16.2	20.3
Total PADD #1	37.7	35.5	37.2
Distillate Imports (thousands b/d)	272	154	122