

## Market Commentary

**Recap:** Oil prices bounced off their lowest levels in 20 years on Thursday, with U.S. prices scoring their largest one-day percentage climb on record, signals from Russia that it would like to see higher prices, and rhetoric from the Trump administration that it may intervene in the ongoing price war between Saudi Arabia and Russia, along with government and central bank measures to combat the economic fallout from the coronavirus pandemic helped to bolster prices. Analysts viewed the rebound as a brief reprieve, anticipating more weakness as the coronavirus takes its toll on demand. April WTI rose \$4.85, or 23.8%, to settle at \$25.22 a barrel. That was the largest one-day, front-month percentage climb on record based on data going back to March 1983, according to Dow Jones Market Data. May Brent rose \$3.59, or 14.4%, to \$28.47 a barrel. April RBOB added 7.4% to settle at 68.50 a gallon, while April heating oil rose 9.2% to \$1.0417 a gallon.

**Technical Analysis:** May WTI posted a higher low, a higher high and a higher settlement, which typically leads to a higher move the next session. However, slow stochastics have not yet signaled a shift to the upside. This, combined with heavy bearish fundamentals leaves us quite cautious. We would like to see a cross to the upside of the moving oscillators, combined with a break above the 10-day moving average before we would even begin to feel euphoric. For now, we would prefer standing on the sidelines, waiting for a signal. A trade below \$20.52 would signal a resumption of the downtrend, with the main trend changing to the upside with a trade above \$36.70.

**Fundamental News:** The US Department of Energy will buy 30 million barrels of oil for the SPR by the end of June as a first step in fulfilling President Donald Trump's directive to fill the emergency stockpile to help domestic crude producers. The first 30 million barrel purchase will be for both sweet and sour crude and is focused on buying from small and midsized producers. The Energy Department will buy up to 11.3 million barrels of sweet crude and up to 18.7 million barrels of sour crude. The delivery date is from May 1 to June 30<sup>th</sup>. Energy Secretary, Dan Brouillette, said the department has asked Congress for about \$3 billion. He said a second round of purchases for the reserve could occur in 60-90 days.

US President Donald Trump said he would get involved in the oil price war between Saudi Arabia and Russia at the appropriate time, saying low gasoline prices were good for US consumers. The Wall Street Journal reported that the Trump administration is considering a diplomatic push to get Saudi Arabia to close its taps and use the threat of sanctions on Russia to force them to reduce its output.

Royal Dutch Shell booked a second supertanker to store 2 million barrels of oil at sea for a charter of between 80 to 120 days. On Wednesday, Shell had booked the first VLCC for a five-month charter.

BP Plc said it is not experiencing serious disruptions to its operations due to the coronavirus. It has implemented a new team-based shift model, where contact between two teams is restricted.

The head of Renewable Fuels Association said "many" US ethanol plants have cut production over the past week, while some have shut down completely.

The US EPA said the US generated fewer renewable fuel blending credits in February than in January. About 1.16 billion ethanol (D6) blending credits were generated in February, down from 1.25 billion in January. About 315 million biodiesel (D4) blending credits were generated in February, down from 297 million in January.

**Early Market Call - as of 9:05 AM EDT**

WTI - Apr \$25.37, down 12 cents  
 RBOB - Apr \$6892, up 71 points  
 HO - Apr \$1.0542, up 1.51 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-20	1.0417	0.0875	0.1181
May-20	1.0475	0.0848	0.1248
Jun-20	1.0660	0.0851	0.1226
Jul-20	1.0923	0.0851	0.1195
Aug-20	1.1178	0.0851	0.1167
Sep-20	1.1436	0.0851	0.1143
Oct-20	1.1661	0.0843	0.1137
Nov-20	1.1850	0.0829	0.1139
Dec-20	1.2004	0.0813	0.1156
Jan-21	1.2151	0.0799	0.1181
Feb-21	1.2270	0.0789	0.1200
Mar-21	1.2370	0.0781	0.1210
Apr-21	1.2436	0.0773	0.1196
May-21	1.2558	0.0761	0.1190
Jun-21	1.2699	0.0756	0.1183
Jul-21	1.2883	0.0751	0.1182
Aug-21	1.3046	0.0746	0.1186

Sprague Heat Weighted Strip October -April 20/2021		\$1.2137	
Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent-	\$25.9100	\$5.0800
Crude - Brent	WTI Spread	\$28.4700	\$3.5900
Natural Gas	\$2.56	\$1.6540	\$0.0500
Gasoline		\$0.6850	\$0.0473

## EIA Working Gas Storage Report

	13-Mar-20	06-Mar-20	Change	Year Ago
East	412	426	-14	250
Midwest	512	529	-17	273
Mountain	96	97	-1	63
Pacific	199	200	-1	98
South Central	814	791	23	472
Salt	247	235	12	133
Nonsalt	568	556	12	338
Total	2,034	2,043	-9	1,156

## Sprague HeatCurve October-April

## ICE May Brent-WTI Spread

