

## Market Commentary

**Recap:** Trading in oil futures was erratic on Wednesday, with prices trading to the downside in early morning trading and then posting fresh four month highs after the release of the EIA report, which showed a draw of 9.6 million barrels in U.S. crude oil inventories. May WTI rapidly bounced 51 cents in its immediate reaction to the report, only to be met with light profit taking, as this soon to be spot month initially failed to reach \$60.00 a barrel. Supply concerns, due to U.S. sanctions against Iran and Venezuela combined with the bullish inventory report to give oil prices a second wind, taking WTI above \$60.00 a barrel. April WTI failed to settle above \$60.00, settling at \$59.83 a barrel, up 80 cents, or 1.36 percent. A strong post settlement rallying did bring this spot contract back to \$60.00. May Brent added 89 cents, or 1.3%, to \$68.50 a barrel with prices based on the front-month contract finishing at their highest since November. April RBOB climbed by 1.2% to \$1.917 a gallon, while April heating oil added 0.9% to \$2.008 a gallon.

**Technical Analysis:** WTI's bounce off of the bottom of the ascending channel brought about a fresh round of technical buying. The inability for WTI to settle above \$60.00 is an indication that prices may not be ready to break to the upside. However, with moving oscillators set high in overbought territory, and not yet ready to cross to the downside, we would look for continued stretches above \$60.00. Above this level, additional resistance is set at the psychological level of \$65.00. Support is set at \$58.79 and \$58.20.

**Fundamental News:** The EIA reported that US crude oil stocks fell by 10 million barrels, the most since July, due to strong export and refining demand. Crude inventories fell by 9.6 million barrels in the week ending March 15<sup>th</sup>. This cut overall crude inventories, not including the SPR, down to 439.5 million barrels. Net US crude imports fell last week by 660,000 bpd as exports alone increased over 800,000 bpd to 3.4 million bpd. Refinery crude runs increased by 178,000 bpd as utilization rates increased by 1.3% to 88.9% of total refining capacity.

Rating agency S&P Global raised its Brent oil price estimate back up to \$60/barrel on Wednesday in light of the recent production cuts by OPEC and Russia. The revision comes two months after it lowered its forecast to \$55/barrel from \$65/barrel. It also keeps it well below the \$64-\$68/barrel range that Brent crude has been moving in over the last month.

Morgan Stanley said supply risks from Iran and Venezuela may push Brent crude prices to \$75/barrel by the third quarter of this year, up 10% from current levels. It raised its second, third and fourth quarter Brent price forecasts to \$70/barrel, \$75/barrel and \$75/barrel from \$62.50/barrel, respectively. The bank estimates the oil market will be undersupplied by 500,000 bpd in the second quarter, with the deficit increasing to 800,000 bpd in the consecutive quarter. Morgan Stanley also raised its WTI price outlook to \$62/barrel, \$67.50/barrel and \$68/barrel for the second, third and fourth quarter, respectively.

The UAE's Energy Minister, Suhail Al-Mazrouei, said he expects OPEC to finalize the long-term cooperation charter with its non-OPEC partners in June. He said the UAE is committed to delivering 100% of oil supply cuts in the coming months.

Norway's Ekofisk oilfields in the North Sea will undergo planned maintenance in June. The work will start on June 2<sup>nd</sup>.

IIR Energy reported that US oil refiners are expected to shut in 1.65 million bpd of capacity in the week ending March 22<sup>nd</sup>, cutting the available refining capacity by 389,000 bpd from the previous week. The offline capacity is expected to increase to 1.7 million bpd in the week ending March 29<sup>th</sup>.

**Early Market Call - as of 8:05 AM EDT**

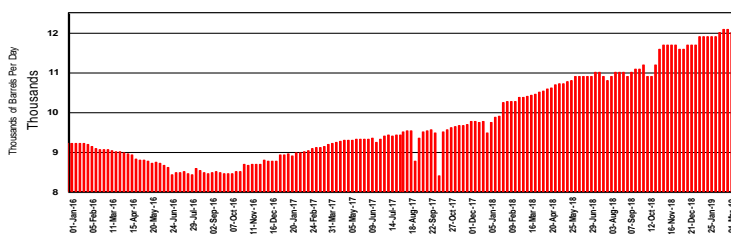
WTI - May \$59.81, down 42 cents  
 RBOB - Apr \$1.9105, down 84 points  
 HO - Apr \$1.9937, down 1.53 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-19	\$2.0081	\$0.0177	\$0.0160
May-19	\$2.0103	\$0.0193	\$0.0159
Jun-19	\$2.0134	\$0.0210	\$0.0141
Jul-19	\$2.0194	\$0.0212	\$0.0124
Aug-19	\$2.0270	\$0.0210	\$0.0116
Sep-19	\$2.0368	\$0.0206	\$0.0111
Oct-19	\$2.0460	\$0.0207	\$0.0108
Nov-19	\$2.0540	\$0.0205	\$0.0106
Dec-19	\$2.0610	\$0.0202	\$0.0097
Jan-20	\$2.0673	\$0.0197	\$0.0087
Feb-20	\$2.0679	\$0.0190	\$0.0075
Mar-20	\$2.0634	\$0.0183	\$0.0062
Apr-20	\$2.0514	\$0.0180	\$0.0056
May-20	\$2.0424	\$0.0179	\$0.0053
Jun-20	\$2.0371	\$0.0177	\$0.0051
Jul-20	\$2.0356	\$0.0175	\$0.0040
Aug-20	\$2.0354	\$0.0175	\$0.0038

Sprague HeatCurve Oct 2019-Apr 2020		\$2.0612	
Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent-	\$60.2300	\$0.9400
Crude - Brent	WTI Spread	\$68.5000	\$0.8900
Natural Gas	\$8.27	\$2.8200	-\$0.0540
Gasoline		\$1.9166	\$0.0235

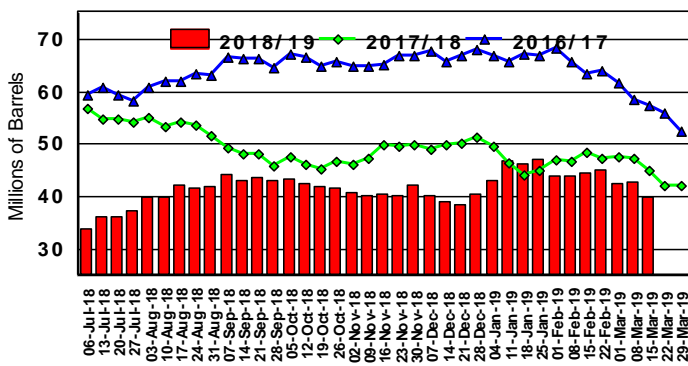
### U.S. Domestic Crude Production



## Weekly EIA Petroleum Status Report for the Week Ending March 15, 2019

### Distillate Stocks

#### PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 9.589 million barrels  
 Cushing, OK Crude Stocks Down 468,000 barrels  
**Gasoline Stocks** Down 4.587 million barrels  
**Distillate Stocks** Down 4.127 million barrels  
**Refinery % Operated** 88.9%, Up 1.3%

#### PADD #1

Distillate Stocks (in million bbls)	Week Ending Mar 15, 2019	Week Ending Mar 8, 2019	Week Ending Mar 16, 2018
New England	6.0	7.1	6.7
Central Atlantic	22.4	23.0	27.4
Total PADD #1	39.7	42.7	44.9
Distillate Imports (thousands b/d)	84	230	94