

Market Commentary

Recap: Oil futures extended their losses on Tuesday ahead of the meeting between OPEC and its allies, where they will decide whether or not to boost production levels. Traders were also focused on rising tensions between the U.S. and Saudi Arabia. WTI settled below \$60 for the first time in more than a week, with the April contract falling 89 cents, or 1.5%, to settle at \$59.75 a barrel. This was the lowest settlement for a front month contract since Feb. 19. May Brent slipped 99 cents, or nearly 1.6%, to settle at \$62.70 a barrel, the lowest spot month settlement since Feb. 12. April RBOB lost 0.3%, to settle at \$1.9364 a gallon, while April heating oil shed 0.6%, to close at \$1.8081 a gallon.

Market Outlook: April WTI broke below the psychological support level of \$60, as traders lightened up on some length ahead of the OPEC+ meeting. We will have to have a wait and see attitude until we get some clear indication as to where these major producers stand. In the meantime, we could see more selling, with the April contract testing support below at \$58.60. Currently, the 50-day moving average is sitting at \$55, and will most likely draw a bit of attention. Resistance remains up above at \$65.

Fundamental News: OPEC's President, Diamantino Azevedo, said the global oil market is rebalancing after a cut to demand caused by the COVID-19 pandemic was met with OPEC output cuts. OPEC+ is scheduled to meet on Thursday and are expected to discuss allowing as much as 1.5 million bpd back into the market to address demand likely to be unlocked later in the year as vaccine programs gather pace. However, OPEC's President and Angola's Minister of Mineral Resources and Petroleum warned that any worsening of the pandemic could lead producers to cut their output.

According to data presented at the OPEC+ Joint Technical Committee meeting, global oil stocks remain on track to fall each month this year even if OPEC+ restores 2.4 million bpd of its crude output by June. Oil inventories in the OECD are set to fall below their 2015-2019 average in August. Projections assume OPEC output increases from 24.9 million bpd in February to 26.8 million bpd in June. OPEC+ members share the view that the market can take more barrels. OPEC+ is poised to increase its production to cool down the market. Saudi Arabia is still considering how to phase out its voluntary output cut. The OPEC+ Joint Technical Committee said the recent oil price recovery may be caused more by financial players rather than by an improvement in physical fundamentals. They called for "cautious optimism" due to the underlying uncertainties in the physical markets and macro sentiment, including risks from COVID-19 mutations that are still on the rise.

Two OPEC+ sources said that OPEC expects oil inventories to fall by about 400 million barrels in 2021 in the latest supply and demand outlook being reviewed by a technical meeting on Tuesday. The figure is part of what one of the OPEC sources called a "healthy" supply and demand balance for 2021.

Goldman Sachs Commodities Research is forecasting Brent crude prices at \$55/barrel this year and at \$65/barrel in 2022. It sees West Texas Intermediate at \$52.80/barrel in 2021 and at \$62/barrel in 2022. Separately, Goldman Sachs Commodities Research raised its forecast for returns on commodities to 15.5% over the next 12 months and said they remained the best inflation hedge.

Early Market Call - as of 8:15 AM EDT

WTI - Apr \$60.39, up 65 cents
RBOB - Apr \$1.9448, up 86 points
HO - Apr \$1.8258, up 1.77 points

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Mar-21	\$1.8081	-\$0.0111	\$0.0528
Apr-21	\$1.8015	-\$0.0099	\$0.0489
May-21	\$1.7956	-\$0.0098	\$0.0480
Jun-21	\$1.7920	-\$0.0096	\$0.0473
Jul-21	\$1.7903	-\$0.0094	\$0.0463
Aug-21	\$1.7911	-\$0.0093	\$0.0452
Sep-21	\$1.7922	-\$0.0090	\$0.0446
Oct-21	\$1.7932	-\$0.0089	\$0.0437
Nov-21	\$1.7928	-\$0.0087	\$0.0426
Dec-21	\$1.7937	-\$0.0081	\$0.0409
Jan-22	\$1.7914	-\$0.0073	\$0.0389
Feb-22	\$1.7833	-\$0.0068	\$0.0371
Mar-22	\$1.7686	-\$0.0061	\$0.0346
Apr-22	\$1.7602	-\$0.0050	\$0.0325
May-22	\$1.7540	-\$0.0041	\$0.0302
Jun-22	\$1.7543	-\$0.0029	\$0.0281
Jul-22	\$1.7550	-\$0.0019	\$0.0258

Sprague HeatCurve October 2021-April 2022

	Close	Change
Crude - WTI	\$59.5700	-\$0.8500
Crude - Brent	\$62.7000	-\$0.9900
Natural Gas	\$2.8390	\$0.0620
Gasoline	\$1.9364	-\$0.0065

API Report for the Week Ending February 26, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 7.4 million barrels	Down 1.9 million barrels
Cushing, OK Crude Stocks	Up 732,000 barrels	
Gasoline Stocks	Down 9.9 million barrels	Down 2.1 million barrels
Distillate Stocks	Down 9.1 million barrels	Down 2.9 million barrels
Refinery Runs	Down 1.75 million bpd	Up 4.1%
Crude Imports	Up 631,000 bpd	

WTI Forward Curve

8-14 Day Weather Forecast

