

Market Commentary

Recap: Crude oil futures reversed course on Friday to advance for the second straight week, as prices gained on upbeat trade talks between the U.S. and China. Both Brent and WTI rose to fresh highs for the year, posting their highest level since November 2018. Brent for April delivery gained as much as 0.98 percent, topping the session at \$67.73, while April WTI peaked at \$57.81, a gain of 1.4 percent. Gains were limited by yesterday's EIA report, which showed U.S. stockpiles reaching record levels. April WTI settled at \$57.26 a barrel, up 30 cents, or 0.53 percent, for a weekly gain of about 3%. April Brent added a mere 5 cents, or 0.07 percent, to settle at \$67.12 a barrel, for a weekly gain of 1.3%, its second weekly gain in a row. March RBOB was 0.32 cents, or 0.2%, lower at \$1.6112 a gallon, with a weekly gain of 2.4%, its fourth straight such rise. Meanwhile, March heating oil shed 0.52 cent, or 0.3%, to settle at \$2.0311 a gallon. For the week, it gained 0.5%.

Technical Analysis: Based upon a weekly spot continuation chart, WTI finished the week above \$57.05, the 38% retracement set by the October high of \$79.20 and the December low of \$43.36. With moving oscillators for this chart trending higher in neutral territory, we would look for continued higher moves, but with caution. The next upside target is \$58.90. Support is set at \$57.05 and below that at \$56.65.

Fundamental News: Baker Hughes reported that the number of rigs searching for oil in the week ending February 22nd fell by 4 to 853.

IIR Energy reported that US oil refiners are expected to shut in 1.77 million bpd of capacity in the week ending February 22nd, increasing available refining capacity by 31,000 bpd from the previous week. IIR expects offline capacity to fall to 1.26 million bpd in the week ending March 1st and to 1.08 million bpd in the following week.

Genscape reported that crude inventories in West Texas fell this week to the lowest level in four months after a converted pipeline began transporting crude from the country's largest shale oil field to the US Gulf Coast. The drop in storage in the Permian Basin is another sign that new pipelines out of the region have started to alleviate a crude bottleneck. Crude inventories in the Permian Basin fell to 15 million barrels in the week ending February 19th, the lowest since October and down from a record 22 million barrels in November.

Saudi Aramco has finished repairs at part of its Safaniyah offshore oilfield, allowing full output to resume after a main power cable was cut by a vessel's anchor. The field was partially shut down more than two weeks ago due to the incident. Safaniyah is the largest offshore oilfield in the world, with a capacity of more than 1 million bpd. It produces heavy crude oil.

Britain's Unite union said its members voted in favor of industrial action at Total's Elgin-Franklin, Shetland Gas Plant, North Alwyn and Dunbar platforms. The dispute centers on proposals to change shift patterns and a change in pay structure.

In its semi-annual monetary policy report to Congress, the Federal Reserve said that the US economy maintained solid growth through the second half of 2018, likely expanding just under 3% for the year.

CNBC reported that China agreed to buy up to \$1.2 trillion in goods from the US as part of the current negotiations to end the trade war between the countries. It also reported that President Donald Trump and China's President Xi Jinping could meet in late March in Florida. Negotiators have been meeting in Washington this week, with President Donald Trump scheduled to talk with China's Vice Premier Liu He on Friday afternoon, in hopes of coming closer to a trade deal before the March 1st deadline for a deal expires and triggers higher US tariffs of 25% from the current 10%.

Early Market Call - as of 8:05 AM EDT

WTI - Apr \$55.88, down \$1.37

RBOB - Mar \$1.5740, down 3.87 cents

HO - Mar \$2.0020, down 2.94 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-19	\$2.0311	-\$0.0052	\$0.0108
Apr-19	\$2.0301	-\$0.0046	\$0.0134
May-19	\$2.0282	-\$0.0038	\$0.0153
Jun-19	\$2.0270	-\$0.0034	\$0.0159
Jul-19	\$2.0311	-\$0.0029	\$0.0154
Aug-19	\$2.0377	-\$0.0023	\$0.0157
Sep-19	\$2.0475	-\$0.0018	\$0.0165
Oct-19	\$2.0567	-\$0.0015	\$0.0173
Nov-19	\$2.0648	-\$0.0015	\$0.0175
Dec-19	\$2.0719	-\$0.0015	\$0.0174
Jan-20	\$2.0776	-\$0.0015	\$0.0174
Feb-20	\$2.0778	-\$0.0014	\$0.0173
Mar-20	\$2.0738	-\$0.0011	\$0.0173
Apr-20	\$2.0626	-\$0.0005	\$0.0176
May-20	\$2.0543	-\$0.0007	\$0.0174
Jun-20	\$2.0501	-\$0.0010	\$0.0171
Jul-20	\$2.0506	-\$0.0013	\$0.0166

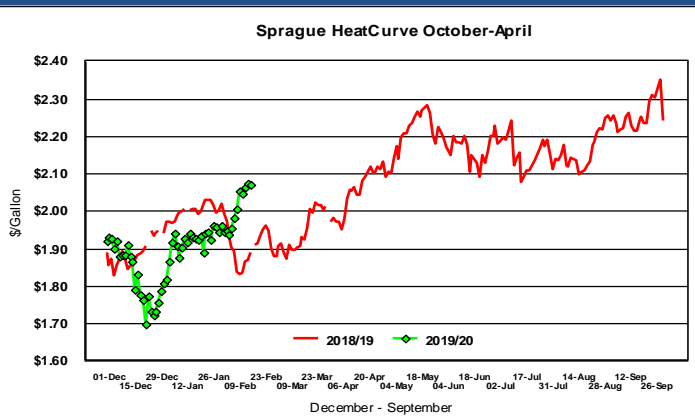
Sprague HeatCurve Oct 2019-Apr 2020

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$57.2600	\$0.3000
Crude - Brent	WTI Spread	\$67.1200	\$0.0500
Natural Gas	\$9.86	\$2.7170	\$0.0200
Gasoline		\$1.6112	-\$0.0032

ICE April Brent-WTI Spread



Sprague HeatCurve October-April



6-10 Day Temperature Outlook

