

## Market Commentary

**Recap:** Oil futures bounced on Tuesday, marking the second straight day of gains after the U.S. Federal Reserve cut interest rates and as traders await the March 5-6 OPEC meeting, where the cartel and its allies are expected to agree on additional production cuts. April WTI jumped as much as 4%, rising to a session high of \$48.66 before paring gains for a settlement at \$47.18 a barrel, up 43 cents, or 0.9%. Brent for May delivery added 4 cents, or 0.08%, to settle at \$51.86 a barrel. April RBOB ended down 0.5% at \$1.5313 a gallon, while April heating oil adding 0.3% to \$1.533 a gallon.

**Technical Analysis:** April WTI gapped higher on the open, came down to fill the gap and then bounced again. At this point in time, it appears that there is a bit of underlying strength ahead of the March 5-6 OPEC meeting, so we would expect to see a continued push toward the \$50.00 level. The first line of resistance is set at the 10-day moving average, which is currently set at \$48.77, above this level, additional resistance rests at \$50.00. To the downside, support is set at \$46.45 and below that at \$45.00.

**Fundamental News:** The US Federal Reserve cut interest rates on Tuesday in an emergency move designed to shield the US economy from the impact of the coronavirus. It said it was cutting rates by a half percentage point to a target range of 1% to 1.25%. The decision was unanimous among policymakers. The Fed said that while the fundamentals of the US economy remain strong, the coronavirus poses evolving risks to economic activity.

OPEC ministers are beginning to arrive in Vienna on Tuesday as the group debates whether to further reduce oil production. OPEC and its allies led by Russia agreed in December to a collective cut of 1.7 million bpd to their supply until the end of March. Saudi Arabia has been voluntarily cutting an additional 400,000 bpd, meaning OPEC+ is effectively cutting production by 2.1 million bpd. On Tuesday, the Joint Technical Committee recommended a further cut of 1 million bpd signaling that Russia and Saudi Arabia were moving closer to a deal to support prices.

Algeria's Energy Minister and OPEC President, Mohamed Arkab, said OPEC+ countries will discuss new "substantial" oil production cuts at their meetings this week.

Kuwait's Oil Minister, Khaled al-Fadhel, said he is optimistic about the outcome of OPEC meetings this week and continued cooperation among OPEC+ countries. He supports all efforts to restore stability to the global oil market.

The Kremlin would not say whether Russia was ready to make additional oil output cuts as part of the cooperation between OPEC and non-OPEC producers and said it was necessary to wait for their meeting later this week.

Lukoil's Vice President, Leonid Fedun, said OPEC's proposal to cut oil production by up to 1 million bpd would be enough to balance the oil market and lift prices to \$60/barrel. His comments suggest Russia may be willing to agree to OPEC's proposals for more output cuts in light of the coronavirus outbreak.

The World Health Organization's Director General, Tedros Adhanom Ghebreyesus, said the coronavirus spreads less efficiently than the seasonal flu and added that transmission does not appear to be driven by people that are not sick and it can be contained. However, he stated that about 3.4% of reported COVID-19 patients have died and by comparison the seasonal flu generally kills far fewer.

### Early Market Call - as of 8:45 AM EDT

WTI - Apr \$48.10, up 92 cents

RBOB - Apr \$1.5560, up 2.51 cents

HO - Apr \$1.5567, up 2.32 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-20	1.5330	0.0043	0.0327
May-20	1.5258	0.0035	0.0362
Jun-20	1.5251	0.0038	0.0376
Jul-20	1.5304	0.0047	0.0372
Aug-20	1.5405	0.0045	0.0356
Sep-20	1.5531	0.0041	0.0337
Oct-20	1.5655	0.0042	0.0318
Nov-20	1.5763	0.0045	0.0306
Dec-20	1.5848	0.0047	0.0301
Jan-21	1.5936	0.0054	0.0295
Feb-21	1.5988	0.0057	0.0287
Mar-21	1.6006	0.0059	0.0263
Apr-21	1.5975	0.0061	0.0245
May-21	1.5998	0.0062	0.0242
Jun-21	1.6035	0.0061	0.0246
Jul-21	1.6120	0.0061	0.0236
Aug-21	1.6210	0.0062	0.0221

### Sprague Heat Weighted Strip October -April 20/2021

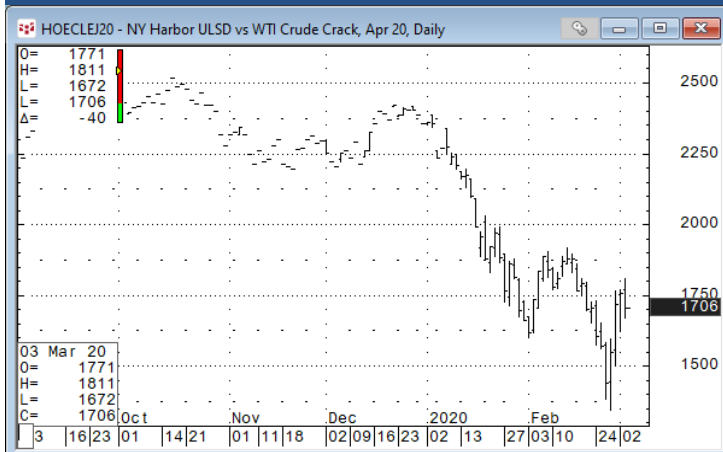
\$1.5905

Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent-	\$47.3300	\$0.4100
Crude - Brent	WTI Spread	\$51.8600	\$0.0400
Natural Gas	\$4.53	\$1.8000	\$0.0440
Gasoline		\$1.5313	-\$0.0083

### API Report for the Week Ending February 28, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 1.7 million barrels	Up 2.6 million barrels
Cushing, OK Crude Stocks	Down 1.4 million barrels	
Gasoline Stocks	Down 3.9 million barrels	Down 2.0 million barrels
Distillate Stocks	Down 1.7 million barrels	Down 1.9 million barrels
Refinery Runs	Down 67,000 b/d	Down 0.8% at 87.1%
Crude Imports	Up 111,000 b/d	

## April Heating Oil Crack Spread



## Sprague HeatCurve October-April

