

## Market Commentary

**Recap:** Oil prices slipped from their nearly six month highs after the International Monetary Fund cut its forecast for global economic growth and as Russia signaled it may back out of its production cutting agreement with OPEC. Prices also slipped as global equities fell after the U.S. threatened to impose tariffs on hundreds of European goods. This comes amid expectations that U.S. crude oil inventories rose by 2.8 million barrels for the week ended April 5, making it the third week in a row that crude oil inventories gained. June Brent settled at \$70.61 a barrel, down 49 cents, or 0.69 percent, while May WTI fell 42 cents, or 0.65 percent, to settle at \$63.98 a barrel. May RBOB rose 0.6% at \$1.999 a gallon, but May heating oil declined by 0.6% to \$2.045 a gallon.

**Technical Analysis:** WTI fell after failing to tackle key resistance set at \$65.00. Given the recent strength in prices, this pull back is not surprising, and we would not discount a retreat back toward \$62.00. At that point, we would reevaluate our stance on this market. Resistance is set at \$65.00 and above that at \$65.70, with support coming in at \$62.00 and \$61.13.

**Fundamental News:** The EIA stated in its Short-Term Energy Outlook that world oil demand is expected to increase by 1.4 million bpd in 2019 to 101.38 million bpd and increase by a further 1.45 million bpd to 102.83 million bpd in 2020. OPEC's crude oil production is expected to fall by 1.43 million bpd in 2019 to 30.53 million bpd and fall by 260,000 bpd to 30.27 million bpd in 2020. Non-OPEC supply is expected to increase by 2.24 million bpd to 65.6 million bpd in 2019 and by 2.15 million bpd in 2020. US oil demand is forecast to increase by 360,000 bpd to 20.81 million bpd in 2019 and by 250,000 bpd to 21.06 million bpd in 2020. Gasoline demand is expected to increase by 20,000 bpd to 9.34 million bpd in 2019 and by 40,000 bpd to 9.38 million bpd in 2020. Distillate demand is estimated to increase by 30,000 bpd to 4.16 million bpd in 2019 and by 40,000 bpd to 4.2 million bpd in 2020. US crude oil production is forecast to increase by 1.43 million bpd to 12.39 million bpd in 2019. Oil production in 2020 is expected to increase by 710,000 bpd to 13.1 million bpd. In regards to fuel prices, the EIA forecast that US regular gasoline retail prices for the 2019 summer driving season from April through September will average \$2.76/gallon, down from last summer's average of \$2.85/gallon. The price of Brent crude is forecast to average \$65/barrel in 2019 and \$62/barrel in 2020. The price of WTI crude will average \$8/barrel lower than Brent prices in the first half of 2019 before the discount falls to \$4/barrel in late-2019 and through 2020.

Saudi Arabia's cabinet reiterated the country's commitment to its role in balancing the energy markets.

Russia's Energy Minister, Alexander Novak, said Russia has not yet decided whether it would be necessary to extend an oil deal between OPEC and its allies and was considering all options. He said Russia will monitor the situation on oil markets before making a decision on whether such an extension is needed. He said there would be no need to extend the global oil output deal between OPEC and its allies if the oil market is expected to be balanced in the second half of the year.

Libya's National Oil Corp called on the warring parties to keep oil fields safe and allow production to continue.

According to S&P Global Platts trade flow software cFlow, about 570,000 metric tons of middle distillates from the US Gulf Coast are scheduled to arrive in Europe in April, including 410,000 metric tons bound for Northwest Europe and 160,000 metric tons for the Mediterranean.

**Early Market Call - as of 8:10 AM EDT**

WTI - May \$64.30, up 33 cents  
 RBOB - May \$2.0282, up 2.92 cents  
 HO - May \$2.0516, up 64 points

## All NYMEX | Prior Settlements

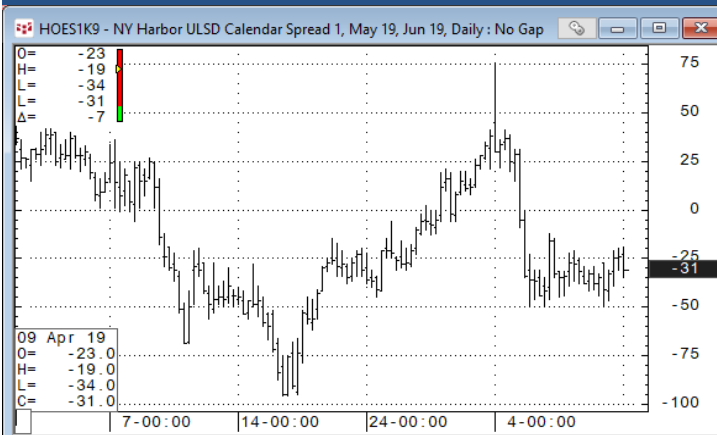
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-19	\$2.0449	-\$0.0122	\$0.0360
Jun-19	\$2.0480	-\$0.0115	\$0.0353
Jul-19	\$2.0534	-\$0.0103	\$0.0352
Aug-19	\$2.0604	-\$0.0096	\$0.0343
Sep-19	\$2.0696	-\$0.0096	\$0.0330
Oct-19	\$2.0782	-\$0.0095	\$0.0326
Nov-19	\$2.0857	-\$0.0092	\$0.0325
Dec-19	\$2.0914	-\$0.0088	\$0.0318
Jan-20	\$2.0959	-\$0.0085	\$0.0307
Feb-20	\$2.0937	-\$0.0083	\$0.0294
Mar-20	\$2.0856	-\$0.0081	\$0.0274
Apr-20	\$2.0705	-\$0.0077	\$0.0258
May-20	\$2.0583	-\$0.0072	\$0.0238
Jun-20	\$2.0492	-\$0.0067	\$0.0212
Jul-20	\$2.0454	-\$0.0063	\$0.0195
Aug-20	\$2.0432	-\$0.0061	\$0.0179
Sep-20	\$2.0424	-\$0.0059	\$0.0163

Sprague HeatCurve Oct 2019-Apr 2020		\$2.0884	
Other Front Month NYMEX		Close	Change
Crude - WTI	June Brent-	\$63.9600	-\$0.3700
Crude - Brent	WTI Spread	\$70.6100	-\$0.4900
Natural Gas	\$6.65	\$2.6990	-\$0.0090
Gasoline		\$1.9990	\$0.0110

### API Weekly Report for the Week Ending April 5, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 4.1 million barrels	Up 2.3/2.8 million barrels
Cushing, OK Crude Stocks	Down 1.3 million barrels	Down 419,000 barrels
Gasoline Stocks	Down 7.1 million barrels	Down 1.9/2 million barrels
Distillate Stocks	Down 2.4 million barrels	Down 1.3/1.5 million barrels
Refinery Runs	Down 264,000 bpd	Up 1% at 87.4%

## NYMEX Heating Oil May-June Spread



## NYMEX RBOB May-June Spread

