

Market Commentary

Recap: Oil prices rose Wednesday, reversing course from their steady drop to start the year in a move that some traders attributed to unconfirmed media reports that a Chinese university found a treatment for the fast-spreading coronavirus. Oil prices were off to their best day of 2020. Brent-crude futures jumped by as much as 4.6% to \$56.46 a barrel, after hitting a year-low late Tuesday. West Texas Intermediate added as much as 4.5% to \$51.88 barrel. Despite the higher move, it appears that traders are somewhat skeptical that prices will continue to rise, as gains were peeled. Although OPEC has been debating additional cuts, the demand factor will play a larger role. April Brent settled at \$55.28 a barrel, up \$1.32, or 2.45%. WTI for March delivery added \$1.14, or 2.3%, to settle at \$50.75 a barrel. March RBOB climbed by 3% to settle at \$1.4863 a gallon and March heating oil added 3.9% to \$1.6454 a gallon.

Technical Analysis: We may have seen a bullish reversal on Wednesday, with March WTI posting a higher low and a higher high, followed by a higher settlement. However, we would have liked to have seen Wednesday's settle above \$51.55, Tuesday's high; however we did not get it. This leaves us a bit leery and therefore we are not yet ready to jump on the bull bandwagon. Resistance is set at \$52.50 and above that at \$53.35. Support is set at \$49.40 and below that at \$48.50.

Fundamental News: The Joint Technical Committee met for a second day on Wednesday to assess the coronavirus' impact on oil demand and global economic growth and how to respond to it. However, the talks ended with no concrete recommendation. The OPEC+ committee will continue its meeting on Thursday.

Wood Mackenzie lowered its first quarter 2020 oil demand forecast by about 900,000 bpd to 98.8 million bpd. It stated that most of the decline is attributable to efforts to contain the outbreak of the coronavirus, including flight cancellations. Its first quarter 2020 China oil demand forecast was cut by 200,000 bpd to 13 million bpd. It stated that without a further OPEC supply cut, oil prices will remain under pressure and Brent prices will struggle to hold the mid-\$50/barrel level.

Short-term sales of crude oil and liquefied natural gas into China almost ground to a halt this week as the coronavirus slows its economic activity and cuts demand. Typically, trade would have resumed after the Lunar New Year holiday at the end of January, but China has extended the break into February to try to contain the coronavirus. As a result, commodity supply chains have been disrupted with shipments cancelled or delayed and stocks piling up, especially as mild temperatures had already cut heating fuel demand.

Platts' trade flow software, cFlow, reported that US crude oil exports averaged 3.245 million bpd in the first five weeks of the year, despite record freight rates through December and January and several fog-related delays. Some fog-related port closures cut exports slightly in the week ending January 17th, with cFlow estimating US crude exports that week fell to 2 million bpd. However, exports have since rebounded, with cFlow estimating exports for the week ending Friday averaged 3.9 million bpd.

IIR Energy reported that US oil refiners are expected to shut in 633,000 bpd of capacity in the week ending February 7th, increasing available refining capacity by 34,000 bpd from the previous week. Offline capacity is expected to fall to 467,000 bpd in the week ending February 14th.

Early Market Call - as of 8:25 AM EDT

WTI - Mar \$50.81, up 6 cents

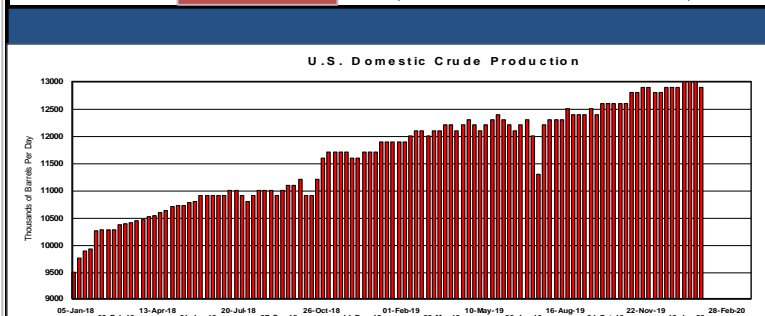
RBOB - Mar \$1.4915, up 53 points

HO - Mar \$1.6505, up 54 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-20	1.6454	0.0615	0.0589
Apr-20	1.6463	0.0588	0.0595
May-20	1.6492	0.0563	0.0591
Jun-20	1.6547	0.0533	0.0568
Jul-20	1.6616	0.0508	0.0534
Aug-20	1.6687	0.0487	0.0508
Sep-20	1.6764	0.0468	0.0492
Oct-20	1.6835	0.0454	0.0478
Nov-20	1.6897	0.0446	0.0462
Dec-20	1.6938	0.0437	0.0454
Jan-21	1.6989	0.0429	0.0445
Feb-21	1.7010	0.0423	0.0424
Mar-21	1.6975	0.0411	0.0402
Apr-21	1.6892	0.0396	0.0365
May-21	1.6878	0.0376	0.0329
Jun-21	1.6867	0.0351	0.0314
Jul-21	1.6893	0.0339	0.0293

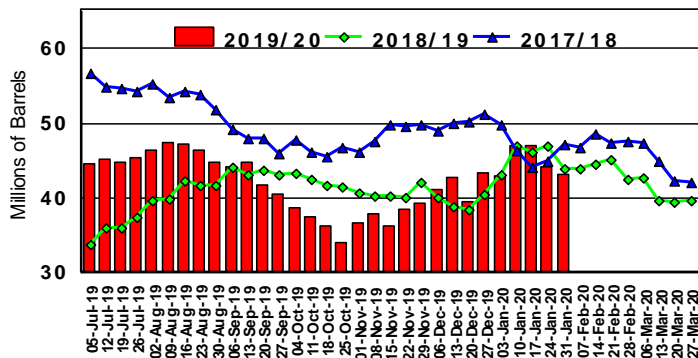
Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$50.9200	\$1.1200
Crude - Brent	WTI Spread	\$55.2800	\$1.3200
Natural Gas	\$4.36	\$1.8610	-\$0.0110
Gasoline		\$1.4863	\$0.0431



Weekly EIA Petroleum Status Report for the Week Ending January 31, 2020

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 3.355 million barrels

Cushing, OK Crude Stocks Up 1.068 million barrels

Gasoline Stocks Down 91,000 barrels

Distillate Stocks Down 1.512 million barrels

Refinery % Operated 87.4%, up 0.2%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Jan 31, 2020	Week Ending Jan 24, 2020	Week Ending Feb 1, 2019
New England	7.3	7.1	8.6
Central Atlantic	23.1	24.6	24.1
Total PADD #1	43.1	44.1	43.9
Distillate Imports (thousands b/d)	170	101	451