

Market Commentary

Recap: Oil futures ended lower on Wednesday, pressured by U.S. government data reporting domestic crude supplies rose for a seventh week in a row, and by Saudi Arabia's move to increase output capacity, as it intensifies a price war with Russia that sent crude prices tumbling to four-year lows this week. April WTI dropped \$1.38, or 4%, to settle at \$32.98 a barrel, while May Brent crude lost \$1.43, or 3.8%, to \$35.79 a barrel. April RBOB lost 4¢ at \$1.1103 a gallon, while April heating oil shed about 1¢ to \$1.238 a gallon.

Technical Analysis: The higher move made earlier in the session narrowed the gap created during Monday's trading to \$4.70, with the low of the gap now set at \$36.35 and the high \$41.05. As mentioned previously, gaps are often filled, but we would still look for this market to struggle on the way up. Support is seen at \$32.70 and below that at \$30.24. Resistance is set at \$36.35 and above that at \$41.05.

Fundamental News: In its Short Term Energy Outlook, the EIA cut its 2020 world oil demand growth forecast by 660,000 bpd to 370,000 bpd, while it raised its oil demand growth estimate for 2021 by 210,000 bpd to 1.73 million bpd. World petroleum demand in 2020 is estimated at 101.12 million bpd, while demand in 2021 is estimated at 102.85 million bpd. OPEC's oil production is expected to fall by 710,000 bpd to 29.09 million bpd in 2020 but increase by 320,000 bpd to 29.41 million bpd in 2021. Non-OPEC production is expected to increase by 2.51 million bpd to 67.95 million bpd in 2020 and by 30,000 bpd to 67.98 million bpd in 2021. US petroleum demand in 2020 is expected to increase by 60,000 bpd to 20.52 million bpd and by 200,000 bpd to 20.72 million bpd in 2021. The EIA reported that crude oil production is expected to increase by 760,000 bpd to 12.99 million bpd in 2020 but fall by 330,000 bpd to 12.66 million bpd in 2021. In regards to prices, the EIA forecast Brent crude prices will average \$43/barrel in 2020, down from an average of \$64/barrel in 2019. The EIA forecast that the average Brent price will increase to an average of \$55/barrel in 2021, as declining global oil inventories put upward pressure on prices.

OPEC cut its forecast for global growth in oil demand this year due to the coronavirus outbreak and said further reductions may follow. OPEC expects global demand to increase by 60,000 bpd in 2020, down 920,000 bpd from its previous forecast. OPEC sees global demand for its crude in 2020 averaging 28.28 million bpd. OPEC also reported that its oil output in February fell by 546,000 bpd to 27.77 million bpd.

US Senator, John Thune, said he believes the Trump administration is evaluating the use of the SPR, and other measures, to help oil producers deal with the fall in crude prices due to the coronavirus and a price war between Saudi Arabia and Russia.

Royal Dutch Shell is in discussions to charter at least three supertankers to store about 6 million barrels of crude at sea.

Saudi Arabia said it plans to increase oil production capacity for the first time in more than a decade. Saudi Arabia's Energy Ministry has directed Saudi Aramco to increase its oil output capacity to 13 million bpd from 12 million bpd.

The UAE joined Saudi Arabia in promising to raise oil output to a record high in April. UAE national oil company, ADNOC, said it would increase crude supply to more than 4 million bpd in April and would accelerate plans to increase its capacity to 5 million bpd. By raising supplies, Saudi Arabia and the UAE will add a combined 3.6 million bpd of extra oil in April.

Early Market Call - as of 8:35 AM EDT

WTI - Apr \$30.97, down \$2.02

RBOB - Apr \$1.9733, down 13.64 cents

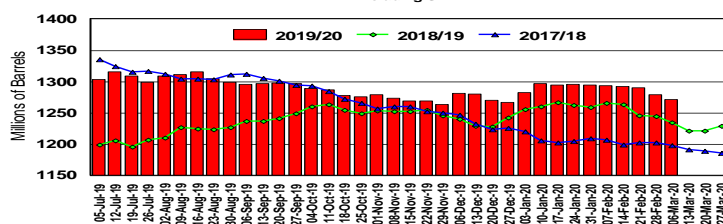
HO - Apr \$1.139, down 9.83 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-20	1.2380	-0.0119	0.2952
May-20	1.2417	-0.0098	0.2856
Jun-20	1.2494	-0.0098	0.2782
Jul-20	1.2643	-0.0104	0.2694
Aug-20	1.2814	-0.0107	0.2628
Sep-20	1.3015	-0.0103	0.2555
Oct-20	1.3213	-0.0101	0.2483
Nov-20	1.3401	-0.0101	0.2407
Dec-20	1.3574	-0.0096	0.2324
Jan-21	1.3736	-0.0094	0.2253
Feb-21	1.3864	-0.0091	0.2180
Mar-21	1.3962	-0.0089	0.2104
Apr-21	1.4014	-0.0084	0.2023
May-21	1.4123	-0.0067	0.1939
Jun-21	1.4244	-0.0052	0.1855
Jul-21	1.4413	-0.0039	0.1772
Aug-21	1.4577	-0.0027	0.1696

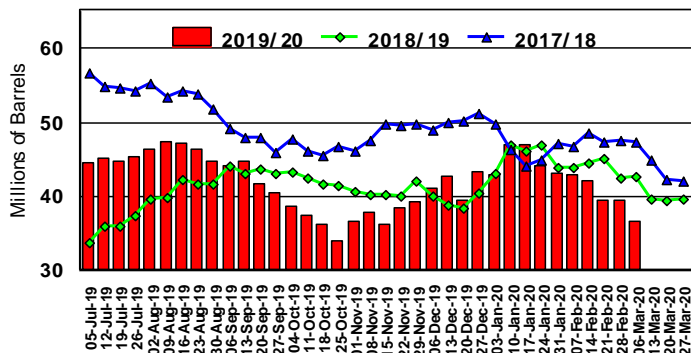
Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent-WTI Spread \$2.40	\$33.3900	-\$1.3400
Crude - Brent		\$35.7900	-\$1.4300
Natural Gas		\$1.8780	-\$0.0580
Gasoline		\$1.1103	-\$0.0468

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending March 6, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 7.664 million barrels

Cushing, OK Crude Stocks Up 704,000 barrels

Gasoline Stocks Down 5.049 million barrels

Distillate Stocks Down 6.404 million barrels

Refinery % Operated 86.4%, down 0.5%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Mar 6, 2020	Week Ending Feb 28, 2020	Week Ending March 7, 2019
New England	6.7	6.4	7.1
Central Atlantic	18.0	20.6	23.0
Total PADD #1	36.6	39.4	42.7
Distillate Imports (thousands b/d)	300	95	230