

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures surged more than 5% on Monday, reversing early losses, as prices were boosted by growing optimism that the Organization of the Petroleum Exporting Countries and its allies will announce additional production cuts later this week, and on hopes global central banks are ready to support economies amid the coronavirus outbreak. Monday was the first gain for both WTI and Brent after six sessions of losses. Gains were pared with April WTI settling at \$46.75 a barrel, up \$1.99, or 4.5%, while Brent for May delivery added \$2.23, or 4.5%, to settle at \$51.90 a barrel. April RBOB tacked on 3.8% to \$1.5396 a gallon, while April heating oil added 3.5% to \$1.5287 a gallon.

Technical Analysis: Traders booked profits in WTI, as the market appeared to be a bit oversold. At this point it is tough to say whether or not the down side is over, as the coronavirus continues to spread. We could see a push toward the 10-day moving average, which is currently set at \$49.11 and then possibly the \$50.00 level, and that is when we would reevaluate this market. Resistance is set at \$50.00 and above that at \$53.29. Support is set at \$43.30 and below that at \$42.36.

Fundamental News: Russia's Energy Minister, Alexander Novak, said Russia is evaluating an earlier and smaller oil production cut proposal made by OPEC and its allies. He said Russia has not received a proposal from OPEC for joint production cuts of 1 million bpd. OPEC and its partners known as OPEC+ will meet in Vienna on March 5-6 to discuss additional steps to support markets impacted by demand fears over the spread of the coronavirus. In an initial response to counter the impact of the virus on the oil market, an OPEC+ committee recommended the group deepen its output cuts by 600,000 bpd, in addition to existing cuts of 1.7 million bpd which runs to the end of March. He said he would attend OPEC+ meetings which start this week, so long as they still go ahead amid the coronavirus fears. On Sunday, Russia's President, Vladimir Putin, met oil companies to exchange views over the coronavirus impact on the global oil prices but not to take any specific decisions. He indicated that he favored joint action but underlined that the current oil price level was acceptable to Russia, signaling that Russia's input may be limited. Russia's Energy Ministry said that oil output stood at 11.29 million bpd in February, slightly flat from 11.28 million bpd in January.

Bank of America Global Research lowered its 2020 price forecasts for Brent and WTI by \$8/barrel to \$54/barrel and \$49/barrel, respectively. It said OPEC+ will likely cut its output next week while US oil supply growth could fall to 500,000 bpd year on year in 2020.

The World Health Organization said the coronavirus is now spreading much more rapidly outside China than within the country, but added that the outbreak can still be contained. The WHO's Director General, Tedros Adhanom Ghebreyesus, said that in the last 24 hours there were almost 9 times more coronavirus cases reported outside China than within the country. He said the epidemics in South Korea, Italy, Iran and Japan are the WHO's greatest concern. According to a Reuters tally, the global death toll was up to 3,044. A senior US official said he was concerned the numbers in the US, currently at more than 75 confirmed cases and two deaths, could increase in coming weeks.

IIR Energy reported that US oil refiners are expected to shut in 1.2 million bpd of capacity in the week ending March 6th, cutting available refining capacity by 49,000 bpd from the previous week. Offline capacity is expected to increase to 1.6 million bpd in the week ending March 13th.

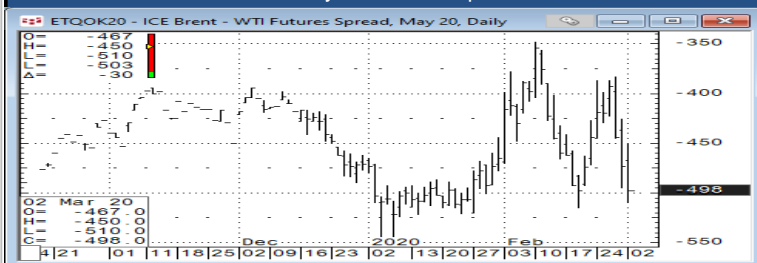
Early Market Call - as of 8:50 AM EDT

WTI - Apr \$47.90, up \$1.15
 RBOB - Apr \$1.5715, up 3.16 cents
 HO - Apr \$1.5510, up 2.03 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-20	\$1.5287	\$0.0514	\$0.0805
May-20	\$1.5223	\$0.0498	\$0.0829
Jun-20	\$1.5213	\$0.0483	\$0.0844
Jul-20	\$1.5257	\$0.0477	\$0.0848
Aug-20	\$1.5360	\$0.0476	\$0.0825
Sep-20	\$1.5490	\$0.0476	\$0.0797
Oct-20	\$1.5613	\$0.0477	\$0.0773
Nov-20	\$1.5718	\$0.0477	\$0.0757
Dec-20	\$1.5801	\$0.0472	\$0.0746
Jan-21	\$1.5882	\$0.0463	\$0.0737
Feb-21	\$1.5931	\$0.0453	\$0.0723
Mar-21	\$1.5947	\$0.0447	\$0.0697
Apr-21	\$1.5914	\$0.0439	\$0.0677
May-21	\$1.5936	\$0.0428	\$0.0675
Jun-21	\$1.5974	\$0.0418	\$0.0671
Jul-21	\$1.6059	\$0.0414	\$0.0655
Aug-21	\$1.6148	\$0.0415	\$0.0637

Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent-	\$46.9200	\$1.9800
Crude - Brent	WTI Spread	\$51.9000	\$2.2300
Natural Gas	\$4.98	\$1.7560	\$0.0720
Gasoline		\$1.5396	\$0.0568

ICE May Brent-WTI Spread



Heating Oil Apr-May Spread

RBOB April-May Spread

