

## Market Commentary

**Recap:** Oil prices continued to climb on Thursday, as panic over the coronavirus subsides. Approximately 60 million Chinese citizens have been under lock down since news of the virus broke, crippling China's economy, as workers are forced to stay home. The effect of the coronavirus has had a strong impact on crude oil prices as China is the world's biggest oil and natural gas importer. They consume about 25% of the total world crude oil consumption, according to Forbes magazine. From January 22, when news about the coronavirus started to spread, and more information about the number of confirmed cases was shared WTI prices slid by 14.26%, to reach a low of \$49.3 at the start of February. Since then, oil prices have rebounded by 4.3%, with March WTI finishing the session at \$51.42 a barrel, up 25 cents, or 0.49%.

**Technical Analysis:** WTI edged higher for the third straight session, with the March contract settling above the 10-day moving average for the first time since January 7. Coming into Friday's session, we would keep our eye on \$51.71, resistance provided by the upward trend line that can be depicted on a weekly spot continuation chart. Above the \$51.71 level, additional resistance is set at \$53.20. To the downside, support is set at \$51.23 and below that at \$50.18.

**Fundamental News:** The International Energy Agency reported that oil demand is set to fall this quarter for the first time since the financial crisis in 2009 due to the coronavirus outbreak in China. Demand in the first quarter of 2020 is expected to fall by 435,000 bpd on the year. In the second quarter, oil demand is expected to grow 1.2 million bpd before normalizing in the third quarter, with growth of 1.5 million bpd on likely economic stimulus measures in China. For 2020 as a whole, the IEA reduced its global growth forecast by 365,000 bpd to 825,000 bpd, the lowest since 2011. It forecast a fall in demand for oil produced by OPEC, while output growth by US companies may not be impacted until later in the year. The IEA reported that OPEC's oil production in January fell to its lowest level since the 2009 global recession, as a blockade reduced Libyan exports and the UAE reined in production. The IEA also reported that Chinese refiners were set to cut runs by 1.1 million bpd in the first quarter, with throughput in 2020 falling by 500,000 bpd year on year. Global crude runs are expected to increase by 700,000 bpd in 2020.

Eni and a security official said an oil pipeline explosion in Nigeria forced the local subsidiary of Eni to close a pipeline feeding the Brass oil export terminal. The explosion on Monday was caused by vandalism. An Eni spokeswoman said the pipeline was in a minor field and flow on the line had been halted for repair work. However, she added that the incident had a "minimal" impact on production, with the Brass export line still running.

Libya's National Oil Corp said its crude output reached 191,475 bpd as of February 12<sup>th</sup>. Oil output has fallen sharply since January 18<sup>th</sup> because of a blockade of ports and oil fields by groups loyal to eastern-based commander Khalifa Haftar. Total losses because of the blockade had reached about \$1.4 billion.

Exxon's 502,000 bpd Baton Rouge, Louisiana refinery shut additional units on Wednesday evening, including a 115,500 bpd fluid catalytic cracking unit and two 32,000 bpd coker units. All of the refinery's crude sections and 75,500 bpd catalytic reformer remain shut since Wednesday morning following a fire. Exxon Mobil does not have a timeline for restarting the refinery.

**Early Market Call - as of 8:35 AM EDT**

WTI - Mar \$52.08, up 66 cents  
 RBOB - Mar \$1.5832, up 21 points  
 HO - Mar \$1.6835, up 30 points

## All NYMEX | Prior Settlements

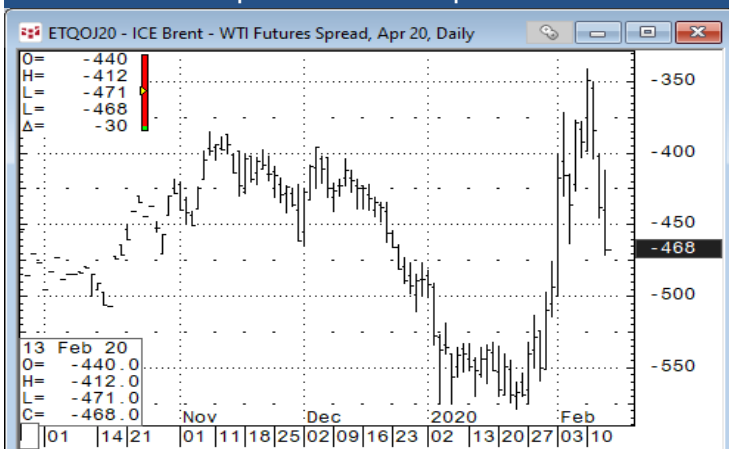
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-20	1.6805	0.0048	-0.0151
Apr-20	1.6783	0.0056	-0.0147
May-20	1.6762	0.0062	-0.0113
Jun-20	1.6773	0.0064	-0.0085
Jul-20	1.6816	0.0060	-0.0070
Aug-20	1.6880	0.0055	-0.0068
Sep-20	1.6961	0.0050	-0.0075
Oct-20	1.7040	0.0044	-0.0083
Nov-20	1.7114	0.0041	-0.0095
Dec-20	1.7173	0.0037	-0.0106
Jan-21	1.7230	0.0034	-0.0109
Feb-21	1.7249	0.0030	-0.0104
Mar-21	1.7208	0.0025	-0.0096
Apr-21	1.7111	0.0015	-0.0083
May-21	1.7090	0.0009	-0.0080
Jun-21	1.7084	0.0003	-0.0087
Jul-21	1.7119	-0.0003	-0.0092

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$51.6600	\$0.2500
Crude - Brent	WTI Spread	\$56.3400	\$0.5500
Natural Gas	\$4.68	\$1.8260	-\$0.0180
Gasoline		\$1.5802	-\$0.0008

## EIA Working Gas Storage Report

	07-Feb-20	31-Jan-20	Change	Year Ago
East	569	598	-29	447
Midwest	694	725	-31	496
Mountain	126	136	-10	96
Pacific	202	210	-8	157
South Central	903	941	-38	695
Salt	269	281	-12	247
Nonsalt	634	660	-26	448
Total	2,494	2,609	-115	1,893

## ICE April Brent-WTI Spread



## NYMEX WTI Forward Curve

