

## Market Commentary

**Recap:** Oil prices jumped by more than 7% on Tuesday, recovering from the biggest rout in nearly 30 years a day earlier, as the possibility of economic stimulus encouraged buying, and Russia signaled that it may yet hold talks with OPEC about cooperation on output cuts. The rebound was modest in comparison to recent losses, and with OPEC threatening to ramp up production at a time when demand is slowing, it may be difficult for this market to sustain gains. This brings back memories of 2014, when demand slowed and Saudi Arabia decided that lower prices were better than giving up market share and therefore kept its production stable. One big difference is that oil prices are much lower now and as a result we could see deeper and more painful drops, so buyer beware. April WTI rose \$3.23, or 10.4%, to settle at \$34.36 a barrel, while Brent for May delivery added \$2.86, or 8.3%, to settle at \$37.22 a barrel. April RBOB tacked on 1.8% to \$1.1571 a gallon. April heating oil rallied by 7.5% to \$1.2499 a gallon.

**Technical Analysis:** After opening lower on the day, April WTI bounced to just above \$35.00, but a lack of follow through at this level prompted some light profit taking. Although we believe that there will be additional attempts to take this market higher, this market is vulnerable to the downside. Support is seen at \$32.70 and below that at \$30.24. Resistance is set at \$35.00 and above that at \$41.05, the top of the gap set on Monday.

**Fundamental News:** Saudi Aramco's CEO, Amin Nasser, said Saudi Arabia will increase its crude supply to 12.3 million bpd in April. He said April's crude supply will be 300,000 bpd over the company's maximum sustained capacity of 12 million bpd. The company has agreed with its customers to provide those volumes starting April 1<sup>st</sup>.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said he does not see a need to hold an OPEC+ meeting in May-June if there was no agreement on what measures should be taken to deal with the impact of the coronavirus on oil demand and prices. He said every oil producer needs to maintain its market share, after Russia's Energy Minister, Alexander Novak, stated that discounts offered by Saudi Aramco for its oil have led to panic in the market.

Market sources stated that Russia's ability to quickly increase its oil production following the collapse of the OPEC+ output cut agreement is restrained by bottlenecks in exporting capacity. Russia's Energy Minister, Alexander Novak, said all production restrictions related to the deal would be lifted from April 1<sup>st</sup>. He reiterated that Russia has the ability to increase its oil production by 200,000-300,000 bpd, and potentially as much as 500,000 bpd, from about 11.3 million bpd currently. However exporting oil outside of Russia may be complicated by bottlenecks in export infrastructure. Russian refineries hit peak season of maintenance in April and May, meaning more crude will need to be exported instead of being refined domestically.

Separately, Russia's Energy Minister, Alexander Novak, will meet the country's oil producing companies to discuss their investment plans and output on Thursday. A meeting was originally planned for Wednesday to discuss future cooperation with OPEC.

US President, Donald Trump, spoke with Saudi Arabia's Crown Prince Mohammed bin Salman, on Monday to discuss global energy markets, among other issues.

The US Department of Energy reported that it has suspended a sale of up to 12 million barrels of oil from the SPR due to the petroleum price drop. In late February, the DOE announced a sale from the SPR, before the coronavirus outbreak and a price war between Saudi Arabia and Russia pressured crude prices.

### Early Market Call - as of 8:50 AM EDT

WTI - Apr \$33.05, down \$1.36

RBOB - Apr \$1.1213, down 3.66 cents

HO - Apr \$1.2251, down 2.52 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-20	1.2499	0.0870	0.2831
May-20	1.2515	0.0871	0.2743
Jun-20	1.2592	0.0871	0.2659
Jul-20	1.2747	0.0856	0.2557
Aug-20	1.2921	0.0838	0.2484
Sep-20	1.3118	0.0831	0.2413
Oct-20	1.3314	0.0827	0.2341
Nov-20	1.3502	0.0825	0.2261
Dec-20	1.3670	0.0818	0.2178
Jan-21	1.3830	0.0809	0.2106
Feb-21	1.3955	0.0798	0.2033
Mar-21	1.4051	0.0790	0.1955
Apr-21	1.4098	0.0783	0.1877
May-21	1.4190	0.0775	0.1808
Jun-21	1.4296	0.0766	0.1739
Jul-21	1.4452	0.0759	0.1668
Aug-21	1.4604	0.0755	0.1606

### Sprague Heat Weighted Strip October -April 20/2021

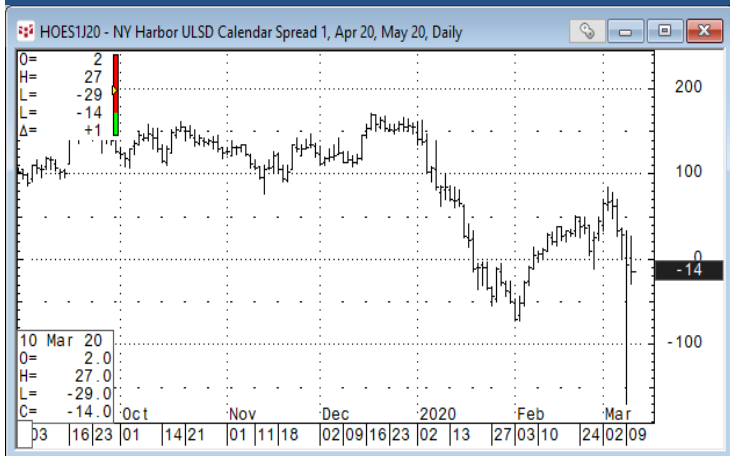
\$1.3808

Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent-	\$34.7300	\$3.2600
Crude - Brent	WTI Spread	\$37.2200	\$2.8600
Natural Gas	\$2.49	\$1.9360	\$0.1580
Gasoline		\$1.1571	\$0.2020

### API Report for the Week Ending March 6 , 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 6.4 million barrels	Up 2.5 million barrels
Cushing, OK Crude Stocks	Up 364,000 barrels	
Gasoline Stocks	Down 3.1 million barrels	Down 2.7 million barrels
Distillate Stocks	Down 4.7 million barrels	Down 2.7 million barrels
Refinery Runs	Down 94,000 b/d	Up 0.5% at 87.4%
Crude Imports	Down 55,000 b/d	

## Heating Oil April-May Spread



## Sprague HeatCurve October-April

