

Market Commentary

Recap: After gapping lower on the opening, WTI plunged as much as 6.8% on Friday to its lowest level in 14 months, as it experienced its worst week in 11 years. After gapping lower on the opening, April futures slipped to a low of \$43.85 a barrel before severing some of its losses, as traders booked profits ahead of the weekend.

April WTI dropped \$2.33 or about 5%, to settle at \$44.76 a barrel, for a weekly loss of over 16%, the largest weekly decline since the period ended Dec. 19, 2008, according to Dow Jones Market Data. For the month, the front-month contract ended over 13% lower. April Brent fell \$1.66, or 3.2%, to settle at \$50.52 a barrel on the contract's expiration day, with prices ending nearly 14% lower for the week, for the largest week loss since the period ended Jan. 15, 2016. It registered a monthly decline of just over 13%. The April WTI and Brent crude contracts marked their lowest settlements since December 2018. March fell 1.1% to \$1.3955 a gallon, for a monthly loss of 6.3%, while March heating oil ended 0.09% higher at \$1.4906 a gallon, but lost 8.2% for the month. The contracts expired at the day's settlement.

Technical Analysis: Ultimately, this is a market that looks as if it is going to try to make its way down to the \$40 level, where there should be a significant amount of support. The crude oil markets continue to suffer at the hands of the coronavirus, and therefore there is no real way to measure risk, and that's one of the biggest problems with this market right now. OPEC and its allies will be under pressure as they prepare to meet next week to discuss the possibility of additional production cuts in an effort to prop up prices. At this point in time, we would feel more comfortable selling rallies rather than buying dips. Resistance is set at \$45.29 and above that at \$46.05. Support is set at \$43.85 and below that at \$42.36.

Fundamental News: Baker Hughes reported that the number of rigs drilling for oil in the US fell by 1 to 678 in the week ending February 28th.

According to sources, several key OPEC members are leaning towards a larger than previously expected oil output cut, as oil prices fell to \$50/barrel on fears the coronavirus outbreak will hit oil demand. Members including Saudi Arabia are considering agreeing on an output cut of 1 million bpd for the second quarter of 2020, more than the initially proposed cut of 600,000 bpd. OPEC and its allies are scheduled to meet on March 5-6.

The EIA reported that US crude oil output fell to 12.78 million bpd in December from 12.86 million bpd in November. It reported that total oil demand in December fell by 0.1% or 14,000 bpd on the year to 20.29 million bpd. US gasoline demand fell by 2.5% or 234,000 bpd to 8.945 million bpd while distillates demand fell by 3% or 119,000 bpd to 3.901 million bpd.

The US Department of Energy reported that it will see up to 12 million barrels of oil from the SPR in compliance with the 2015 budget act.

Rystad Energy forecast that the coronavirus outbreak could cut oil industry investment this year by tens of billions of dollars and delay the delivery of offshore installations currently being built at Asian yards. Its current assessment forecasts that the outbreak could result in global exploration and production investments falling by about \$30 billion in 2020.

IIR Energy reported that US oil refiners are expected to shut in 1.2 million bpd of capacity in the week ending February 28th, cutting available refining capacity by 193,000 bpd from the previous week. Offline capacity is expected to increase to 1.3 million bpd in the week ending March 6th and increase further to 1.6 million bpd in the subsequent week.

Early Market Call - as of 8:45 AM EDT

WTI - Apr \$45.40, up 63 cents

RBOB - Mar \$1.4830, up 2 cents

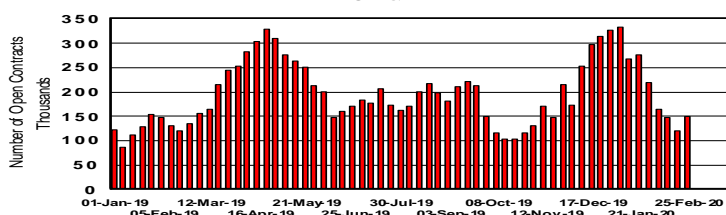
HO - Mar \$1.4705, down 72 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-20	\$1.4906	\$0.0014	\$0.1960
Apr-20	\$1.4773	-\$0.0098	\$0.2042
May-20	\$1.4725	-\$0.0122	\$0.2043
Jun-20	\$1.4730	-\$0.0140	\$0.2027
Jul-20	\$1.4780	-\$0.0161	\$0.2008
Aug-20	\$1.4884	-\$0.0176	\$0.1966
Sep-20	\$1.5014	-\$0.0189	\$0.1917
Oct-20	\$1.5136	-\$0.0204	\$0.1875
Nov-20	\$1.5241	-\$0.0220	\$0.1846
Dec-20	\$1.5329	-\$0.0233	\$0.1814
Jan-21	\$1.5419	-\$0.0242	\$0.1779
Feb-21	\$1.5478	-\$0.0249	\$0.1736
Mar-21	\$1.5500	-\$0.0257	\$0.1672
Apr-21	\$1.5475	-\$0.0270	\$0.1610
May-21	\$1.5508	-\$0.0285	\$0.1566
Jun-21	\$1.5556	-\$0.0301	\$0.1521
Jul-21	\$1.5645	-\$0.0314	\$0.1478

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$44.7600	-\$2.3300
Crude - Brent	WTI Spread	\$50.5200	-\$1.6600
Natural Gas	\$5.76	\$1.6840	-\$0.0680
Gasoline		\$1.3955	-\$0.0151

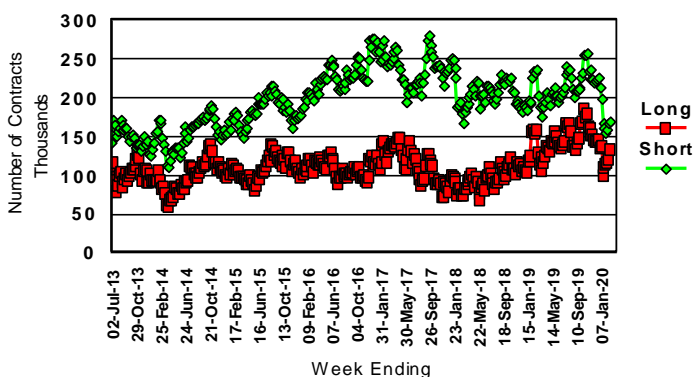
Commitment of Traders Report: WTI Managed Money Reportable Net Positions ICE & NYMEX



Commitment of Traders Report for the Week Ending February 25, 2020

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

