

Market Commentary

Recap: Gasoline futures surged on Wednesday, hitting a 6 month high after the EIA reported a 7.7 million barrel drop in U.S. gasoline inventories. Expectations were calling for a 1.9 million barrel draw. May RBOB futures gained more than 7 cents a gallon, or 3.5 percent, rising to a session high of \$2.0702. This, combined with a significant drop in OPEC production in March, offset the bearish 7.7 million barrel build in U.S. crude oil inventories, to prop up oil futures. Although oil prices held onto gains throughout the session, they lacked luster ahead of the Federal Reserve Meeting Minutes. May WTI settled at \$64.61 a barrel, up 63 cents, or 0.98 percent, while June Brent added \$1.12, or 1.59 percent, to settle at \$71.73 a barrel. May RBOB added 7 cents, or 7%, to settle at \$2.069 a gallon. May heating oil rose 4.3 cents, or 2.1%, at \$2.088 a gallon.

Technical Analysis: WTI continues to hold onto gains, while remaining below key resistance at \$65.00. As the week comes to a close, we would look for attempts to take out this level, with failed attempts met with light profit taking to the downside. Should WTI break above this level, we would expect technical stop orders to trigger a move toward the resistance level of \$65.70. Support is set at \$62.00 and below that at \$61.13.

Fundamental News: Venezuela told OPEC that its oil production fell to a new long-term low in March due to US sanctions and blackouts. In a monthly report, OPEC said that Venezuela told the group that it produced 960,000 bpd in March, down almost 500,000 bpd from February's level. The figures could add to a debate within the so-called OPEC+ group of producers on whether to maintain oil supply cuts beyond June. In a development that will ease OPEC concern about a new supply glut, the report said oil inventories in developed economies fell in February after increasing in January. OPEC reported that OECD inventories in February fell by 18.3 million barrels on the month and stood 7.5 million barrels over the latest 5-year average. OPEC said its March oil output fell by 534,000 bpd to 30.022 million bpd. As a result, the OPEC members bound by the supply cut agreement met 155% of pledged cuts in March. OPEC cut its 2019 global oil demand growth forecast to 1.21 million bpd from a previous forecast of 1.24 million bpd, citing slowing economies. It sees demand for its crude averaging 30.3 million bpd, down 160,000 bpd from its previous forecast.

UAE's Energy Minister, Suhail bin Mohammed al-Mazroui said that Russia was committed to its oil supply cut agreement with OPEC and would not increase its output unless it was in coordination with the exporting group. He said that compliance with the cuts by both Russia and OPEC's second largest producer Iraq has increased in March, adding that he expected oil market to achieve balance by the end of 2019.

The US EIA said US crude oil stocks increased more than expected last week to the highest level in nearly 17 months as imports increased. Crude inventories increased more than 7 million barrels to 456.6 million barrels in the week ending April 5th, the highest since November 2017. The majority of the increase came from the Gulf Coast region, with inventories increasing by 5.4 million barrels to 232.2 million barrels. Crude stocks in Cushing, Oklahoma fell by 1.1 million barrels. Net US crude imports increased last week by 210,000 bpd, while exports alone fell by 374,000 bpd to 2.3 million bpd. Meanwhile, gasoline stocks fell by 7.8 million barrels on the week.

US Secretary of State, Mike Pompeo, said President Donald Trump will continue to increase pressure on Iran. However, he declined further comment on the possibility of waivers for countries that import Iranian crude oil.

IIR Energy reported that US oil refiners are expected to shut in 1.3 million bpd of capacity in the week ending April 12th, increasing available refining capacity by 163,000 bpd from the previous week.

Early Market Call - as of 8:05 AM EDT

WTI - May \$64.02, down 59 cents

RBOB - May \$2.0422, down 2.66 cents

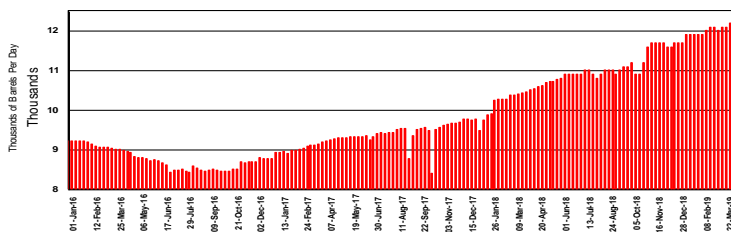
HO - May \$2.0706, down 1.7 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-19	\$2.0876	\$0.0427	\$0.0808
Jun-19	\$2.0892	\$0.0412	\$0.0781
Jul-19	\$2.0939	\$0.0405	\$0.0773
Aug-19	\$2.1005	\$0.0401	\$0.0765
Sep-19	\$2.1091	\$0.0395	\$0.0751
Oct-19	\$2.1172	\$0.0390	\$0.0739
Nov-19	\$2.1242	\$0.0385	\$0.0728
Dec-19	\$2.1293	\$0.0379	\$0.0710
Jan-20	\$2.1328	\$0.0369	\$0.0683
Feb-20	\$2.1293	\$0.0356	\$0.0653
Mar-20	\$2.1200	\$0.0344	\$0.0622
Apr-20	\$2.1037	\$0.0332	\$0.0593
May-20	\$2.0908	\$0.0325	\$0.0565
Jun-20	\$2.0817	\$0.0325	\$0.0538
Jul-20	\$2.0766	\$0.0312	\$0.0509
Aug-20	\$2.0731	\$0.0299	\$0.0482
Sep-20	\$2.0712	\$0.0288	\$0.0455

Sprague HeatCurve Oct 2019-Apr 2020		\$2.1249	
Other Front Month NYMEX		Close	Change
Crude - WTI	June Brent- WTI Spread	\$64.6500	\$0.6900
Crude - Brent		\$71.7300	\$1.1200
Natural Gas	\$7.08	\$2.7000	\$0.0010
Gasoline		\$2.0692	\$0.0702

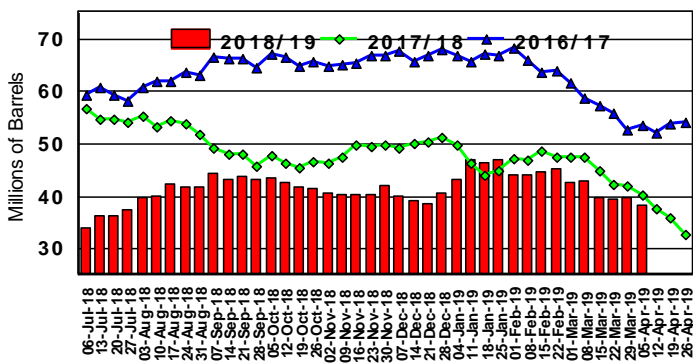
U.S. Domestic Crude Production



Weekly EIA Petroleum Status Report for the Week Ending April 5, 2019

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 7.029 million barrels

Cushing, OK Crude Stocks Down 1.133 barrels

Gasoline Stocks Down 7.71 million barrels

Distillate Stocks Down 116,000 barrels

Refinery % Operated 87.5%, Up 1.1%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Apr 5, 2019	Week Ending Mar 29, 2019	Week Ending Apr 6, 2018
New England	6.3	6.2	5.9
Central Atlantic	20.3	20.7	22.2
Total PADD #1	38.2	39.6	40.1
Distillate Imports (thousands b/d)	65	116	122