

## Market Commentary

**Recap:** Oil prices slid more than 2% on Friday as investors fretted about crude demand being pinched by the economic impact of the coronavirus outbreak, while leading producers appeared to be in no rush to curb output. Despite Thursday's friendly U.S. Energy Information Administration Weekly Inventories report, prices turned lower on rising market uncertainty, suggesting that traders feel there is just too much risk in the market at this time to hold profitable long positions over the weekend. WTI for April delivery fell 50 cents, or 0.9%, to settle at \$53.38 a barrel, while April Brent lost 81 cents, or 1.4%, to end at \$58.50 a barrel. WTI tallied a 2% weekly rise, based on the front-month contract, while Brent added 2.1% for the week. March RBOB fell 1.1% to \$1.6506 a gallon, ending the week with a 4.3% climb, while March heating oil lost nearly 0.7% to \$1.6866, finishing the week with a loss of about that same amount.

**Technical Analysis:** April WTI retreated on Friday after failing to recapture the \$55.00 level on Thursday. The selloff resulted in a break below \$52.64, the 10-day moving average, with technical traders buying on lack of follow through to the downside. Coming into next week, we would look for a run at \$55.00, with successful breaks above it leading to an attempt at the 200-day moving average, which is currently set at \$55.98. To the downside, support is set at \$52.64 and below that at \$51.15.

**Fundamental News:** Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, described a media report that Saudi Arabia is considering a break from the OPEC+ alliance with Russia as "nonsense". His comments followed the Wall Street Journal reporting that Saudi Arabia was considering a breakaway from the OPEC+ alliance as China's coronavirus outbreak contributes to a fall in global oil demand. The Journal reported that Saudi Arabia, Kuwait and the UAE plan to hold talks this week to discuss a possible joint output cut of as much as 300,000 bpd by the three oil producers alone.

The Institute of International Finance said the coronavirus outbreak may cut demand for oil in China and other Asian countries, pressuring oil prices further to as low as \$57/barrel. The chief economist for the Middle East and North Africa at the IIF, Garbis Iradian, said that before the coronavirus the institute was assuming that oil prices would average \$60/barrel this year, compared with \$64/barrel last year.

Baker Hughes reported that the number of rigs drilling for oil increased by 1 to 679 in the week ending February 21<sup>st</sup>.

IIR Energy reported that US oil refiners are expected to shut in 673,000 bpd of capacity in the week ending February 21<sup>st</sup>, increasing available refining capacity by 118,000 bpd from the previous week. Offline capacity is expected to fall to 578,000 bpd in the week ending February 28<sup>th</sup> but increase to 589,000 bpd in the week ending March 6<sup>th</sup>.

Euroilstock reported that European refinery output in January fell by 0.5% on the month and by 3.8% on the year to 10.524 million bpd. It reported that European gasoline output fell by 3.6% on the week and by 8.7% on the year to 2.333 million bpd, while its middle distillate output fell by 1.2% on the week and by 2.8% on the year to 5.526 million bpd and its fuel oil output increased by 8.6% on the week but fell by 9.7% on the year to 1.084 million bpd. Euroilstock reported that European refinery crude intake in January fell by 0.4% on the month and by 3.6% on the year to 10.189 million bpd.

### Early Market Call - as of 8:55 AM EDT

WTI - Apr \$51.00, down \$2.39

RBOB - Mar \$1.5830, down 6.68 cents

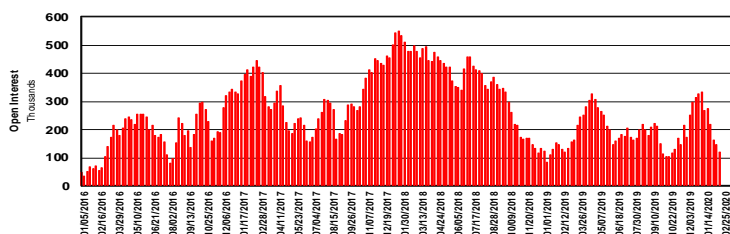
HO - Mar \$1.6179, down 6.90 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-20	1.6866	-0.0110	0.0116
Apr-20	1.6815	-0.0113	0.0122
May-20	1.6768	-0.0129	0.0132
Jun-20	1.6757	-0.0141	0.0138
Jul-20	1.6788	-0.0147	0.0138
Aug-20	1.6850	-0.0152	0.0132
Sep-20	1.6931	-0.0155	0.0127
Oct-20	1.7011	-0.0155	0.0126
Nov-20	1.7087	-0.0154	0.0123
Dec-20	1.7143	-0.0150	0.0119
Jan-21	1.7198	-0.0148	0.0115
Feb-21	1.7214	-0.0146	0.0111
Mar-21	1.7172	-0.0139	0.0106
Apr-21	1.7085	-0.0130	0.0094
May-21	1.7074	-0.0117	0.0082
Jun-21	1.7077	-0.0102	0.0072
Jul-21	1.7123	-0.0092	0.0059

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$53.3800	-\$0.5000
Crude - Brent	WTI Spread	\$58.5000	-\$0.8100
Natural Gas	\$5.12	\$1.9050	-\$0.0150
Gasoline		\$1.6506	-\$0.0191

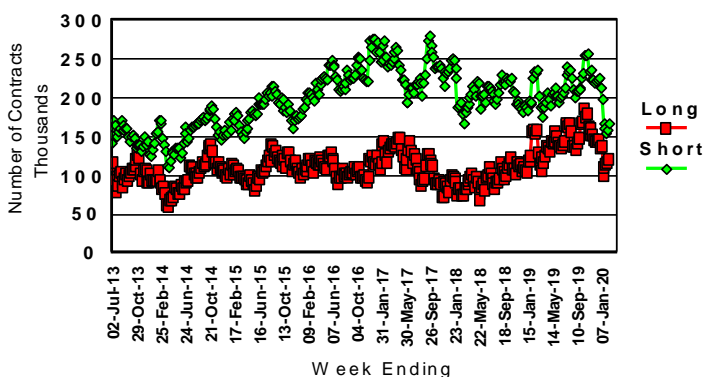
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending February 18, 2020

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

