

## Market Commentary

**Recap:** After posting fresh three month highs on Friday, crude oil prices fell sharply lower Monday following tweets by U.S. President Donald Trump calling on OPEC to "relax and take it easy" on boosting oil prices. Despite progress in trade talks between the U.S. and China, oil futures gave up early gains. Monday's pressure pushed April WTI to a low of \$55.08 a barrel, for a loss of 3.8 percent, while April Brent fell equally as much, hitting a low of \$64.55 a barrel. Losses were pared, with April WTI settling at \$55.48 a barrel, down \$1.78, or 3.11 percent, and Brent for April delivery falling \$2.36, or 3.52 percent, to settle at \$64.76 a barrel. March RBOB fell 4.1% to \$1.545 a gallon and March heating oil eased by 2.8% to \$1.974 a gallon.

**Technical Analysis:** April WTI failed above weekly support at \$57.05, the 38% retracement set by the October high of \$79.20 and the December low of \$43.36. This combined with the spot contract settling below \$55.89, the 10-day moving average put technical longs on the defensive. With moving oscillators crossing to the downside should lead to additional downside movement. Support is set at \$55.00 and below that at \$53.96. Resistance is set at \$55.89 and above that at \$56.70.

**Fundamental News:** Goldman Sachs analysts said the near-term outlook for oil is modestly bullish over the next two to three months, but added that the outlook for later in 2019 was weaker due to an increase in US exports and an increasing uncertain economic policy and geopolitical backdrop.

US President Donald Trump expressed concern about oil prices and reiterated his previous calls on OPEC to keep prices steady. He called on OPEC not to raise prices.

US President Donald Trump and North Korea's Kim Jong Un are scheduled to hold a second summit on Wednesday and Thursday in Hanoi with no real expectation of a final deal on ridding the country of nuclear weapons. Speculation the Trump administration is open to a limited deal at the summit had raised expectations the two sides might declare an end to a technical state of hostilities that has existed on the Korean peninsula since the 1950-1953 Korean War ended with an armistice, not a truce.

The Wall Street Journal reported that Saudis will likely push to maintain OPEC output cuts despite US pressure.

Angola's Sonangol reported that the country's crude oil production fell to 1.478 million bpd in 2018, from 1.632 million bpd in 2017 due mainly to ageing oil fields.

Azerbaijan's Energy Minister, Parviz Shahbazzov, said the country wants to see stability in oil prices before deciding whether to support any extension of global cuts in crude output. He said oil at \$60-\$70/barrel is in the interests of suppliers and consumers. He said Azerbaijan has not yet achieved 100% compliance with pledged oil cuts but is moving in that direction.

Crude oil exports from Iraq's southern ports on the Gulf totaled 3.565 million bpd so far in February. Exports from Iraq's southern Basra ports fell to 3.556 million bpd in January, down from a record high of 3.63 million bpd in December. Shipments from the southern terminals are expected to stay at around 3.55 million bpd this month, in accordance with an OPEC and non-OPEC output cut agreement.

IIR Energy reported that US oil refiners are expected to shut in 1.3 million bpd of capacity in the week ending March 1<sup>st</sup>, increasing available refining capacity by 506,000 bpd from the previous week. IIR expects offline capacity to fall to 1.08 million bpd in the week ending March 8<sup>th</sup>.

### Early Market Call - as of 8:15 AM EDT

WTI - Apr \$55.63, up 15 cents

RBOB - Mar \$1.5605, up 1.5 cents

HO - Mar \$1.9941, up 1.89 cents

## All NYMEX | Prior Settlements

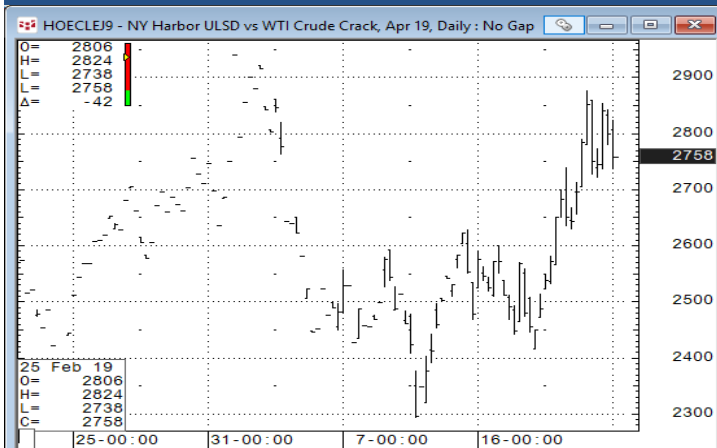
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-19	\$1.9746	-\$0.0565	-\$0.0200
Apr-19	\$1.9748	-\$0.0553	-\$0.0212
May-19	\$1.9727	-\$0.0555	-\$0.0225
Jun-19	\$1.9716	-\$0.0554	-\$0.0240
Jul-19	\$1.9762	-\$0.0549	-\$0.0255
Aug-19	\$1.9838	-\$0.0539	-\$0.0259
Sep-19	\$1.9947	-\$0.0528	-\$0.0255
Oct-19	\$2.0048	-\$0.0519	-\$0.0250
Nov-19	\$2.0135	-\$0.0513	-\$0.0254
Dec-19	\$2.0211	-\$0.0508	-\$0.0252
Jan-20	\$2.0278	-\$0.0498	-\$0.0248
Feb-20	\$2.0291	-\$0.0487	-\$0.0241
Mar-20	\$2.0259	-\$0.0479	-\$0.0237
Apr-20	\$2.0152	-\$0.0474	-\$0.0231
May-20	\$2.0069	-\$0.0474	-\$0.0236
Jun-20	\$2.0022	-\$0.0479	-\$0.0247
Jul-20	\$2.0031	-\$0.0475	-\$0.0248

### Sprague HeatCurve Oct 2019-Apr 2020 \$2.0222

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$55.4800	-\$1.7800
Crude - Brent	WTI Spread	\$64.7600	-\$2.3600
Natural Gas	\$9.28	\$2.8360	\$0.1190
Gasoline		\$1.5452	-\$0.0660



## April Heating Oil Crack Spread



## April RBOB Crack Spread

