

Market Commentary

Recap: At one point, April WTI fell more than 5.8% to a session low of \$45.88, the lowest level for a front month since Jan. 2019, before paring some of its losses. April Brent crude dropped 4.7%, to a low of \$50.97, Brent's lowest level since Dec. 2018. Fears of the coronavirus outbreak and its impact on demand continue to pressure global markets. Traders are also focused on the March 5-6 OPEC+ meeting, which is to take place in Vienna. So far OPEC and its allies have failed to come to an agreement on additional reductions in output. Prices recovered some of their losses, with April WTI settling at \$47.09 a barrel, down \$1.64, or 3.4%, which was the lowest settlement for a front month contract since early January 2019. April Brent dropped \$1.25, or 2.3%, to \$52.18 a barrel. The contract, which expires at Friday's settlement, marked the lowest settlement since December 2018. March RBOB dropped 3% to \$1.4106 a gallon, while March heating oil fell 0.7% to \$1.4892 a gallon. The March contracts expire at Friday's settlement.

Technical Analysis: WTI tumbled deeper into bearish territory, sitting 29% below its 52-week intraday high of \$66.60, reached last April. Coming into Friday's session, we would look for a run at the long standing downward weekly trend line currently set at \$45.59. For now we think that the \$45.00 level will hold. To the upside, resistance is set at \$47.50 and above that \$50.00.

Fundamental News: The head of the World Health Organization, Tedros Adhanom Ghebreyesus, said the new coronavirus outbreak has reached a "decisive point". He urged countries to redouble efforts to contain its spread effectively.

Goldman Sachs equity research updated its Brent price forecast for the first half of the year from \$63/barrel to \$57/barrel and to \$63/barrel from \$60/barrel for the fiscal year. The lower crude price view reflects near term demand uncertainty as a result of the coronavirus.

Saudi Arabia is reducing its crude supplies to China in March by at least 500,000 bpd due to slower refinery demand following the coronavirus outbreak. China normally imports 1.8 million bpd to 2 million bpd of Saudi crude.

Gasoline stocks held in independent storage in the Amsterdam-Rotterdam-Antwerp refining and storage hub in the week ending February 27th fell by 6.1% on the week but increased by 0.18% on the year to 1.123 million tons. Gasoil stocks fell by 6.08% on the week and by 12.01% on the year to 2.117 million tons, while fuel oil stocks increased by 11.22% on the week and by 27.33% on the year to 1.16 million tons.

US EPA Administrator, Andrew Wheeler, said the EPA does not have an announcement yet on how it will respond to the 10th Circuit court decision addressing exemptions to US biofuel blending laws. He made his comments a day after a Bloomberg News report that the administration had decided to pare the number of exemptions granted to smaller refineries from US biofuel blending laws. In late January, the federal court said the EPA must reconsider some exemptions it previously granted to oil refineries.

The US economy grew moderately in the fourth quarter. The US Commerce Department reported that GDP increased at a 2.1% annualized rate. The economy grew by an unrevised 2.3% in 2019, the slowest annual growth in three years.

The International Monetary Fund said the coronavirus will clearly have an impact on global economic growth and added that it will likely downgrade its growth forecast as a result.

Early Market Call - as of 9:05 AM EDT

WTI - Apr \$45.42 down \$1.62
 RBOB - Mar \$1.3827 down 0.0180
 HO - Mar \$1.4757 down 0.0147

All NYMEX | Prior Settlements

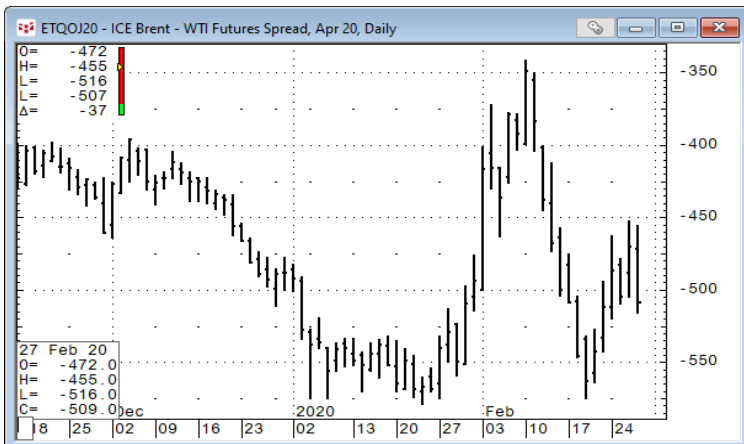
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-20	\$1.4892	-\$0.0102	\$0.2084
Apr-20	\$1.4871	-\$0.0103	\$0.2057
May-20	\$1.4847	-\$0.0115	\$0.2050
Jun-20	\$1.4870	-\$0.0128	\$0.2028
Jul-20	\$1.4941	-\$0.0138	\$0.1994
Aug-20	\$1.5060	-\$0.0145	\$0.1942
Sep-20	\$1.5203	-\$0.0150	\$0.1883
Oct-20	\$1.5340	-\$0.0156	\$0.1826
Nov-20	\$1.5461	-\$0.0160	\$0.1780
Dec-20	\$1.5562	-\$0.0165	\$0.1731
Jan-21	\$1.5661	-\$0.0168	\$0.1685
Feb-21	\$1.5727	-\$0.0165	\$0.1633
Mar-21	\$1.5757	-\$0.0153	\$0.1554
Apr-21	\$1.5745	-\$0.0135	\$0.1470
May-21	\$1.5793	-\$0.0120	\$0.1398
Jun-21	\$1.5857	-\$0.0105	\$0.1322
Jul-21	\$1.5959	-\$0.0092	\$0.1256

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$47.0900	-\$1.6400
Crude - Brent	WTI Spread	\$52.1800	-\$1.2500
Natural Gas	\$5.09	\$1.7520	-\$0.0850
Gasoline		\$1.4106	-\$0.0443

EIA Working Gas Storage Report

	21-Feb-20	14-Feb-20	Change	Year Ago
East	484	527	-43	360
Midwest	591	639	-48	392
Mountain	108	117	-9	80
Pacific	196	198	-2	124
South Central	821	861	-40	605
Salt	244	257	-13	203
Nonsalt	578	605	-27	403
Total	2,200	2,343	-143	1,563

ICE April Brent-WTI Spread



NYMEX WTI Forward Curve

