

## Market Commentary

**Recap:** The oil market traded lower on Monday on the possibility that Russia may decide to abandon the agreement between OPEC and non-OPEC producers. The crude market opened down 13 cents at \$63.76 and quickly posted a high of \$63.84. The market, however, gave up its gains amid a statement made by Russia's Finance Minister, Anton Siluanov, that Russia and OPEC may decide to increase their oil production to fight for market share with the US. The market continued to trend lower and posted a low of \$63.03 by mid-day before it retraced some of its gains. However the market's gains were limited as new US data seemed to confirm Russia's fears that US production is increasing further. The EIA reported that US shale production is expected to increase to a record 8.5 million bpd in May, compared with 8.4 million bpd in April. The May WTI contract settled down 49 cents at \$63.40 while the June contract settled down 46 cents at \$63.56. The June Brent contract settled down 37 cents at \$71.18. The product markets also ended the session in negative territory, with the heating oil market settling down 97 points at \$2.0610 and the RBOB market settling down 2.52 cents at \$2.0118.

**Technical Analysis:** The crude market on Tuesday will likely remain pressured by the apparent threat by Russia to end the OPEC and non-OPEC agreement. The market's gains will also remain limited ahead of the May option expiration on Tuesday and the release of the weekly petroleum stock reports late Tuesday and early Wednesday morning. The market is seen finding resistance at \$63.84, \$64.49 and \$65.00. Meanwhile, support is seen at \$63.03, \$62.00, \$61.82 and \$60.13.

**Fundamental News:** Russia's Finance Minister, Anton Siluanov, said over the weekend that Russia and OPEC may decide to increase production to fight for market share with the US, but added that oil prices would fall as low as \$40/barrel as a result.

The EIA reported that US shale oil production in May is expected to increase 80,000 bpd to 8.46 million bpd compared with an 89,000 bpd increase in April. US Bakken oil production for May is expected to increase by 11,000 bpd to 1.385 million bpd, US Eagle Ford production is expected to increase by 7,200 bpd to 1.429 million bpd and Permian Basin oil production is expected to increase by 42,000 bpd to 4.136 million bpd.

Kuwait Oil Co expects to start production of 11,000 bpd of heavy oil from the South Ratqa oilfield in August.

The head of exploration at the National Iranian Oil Co, Saleh Hendi, said Iran is likely to award up to five oil exploration and production contracts to local firms, with the first deal expected within months. Foreign energy companies, including France's Total, have suspended plans to invest in Iranian oil and gas projects after the US reimposed sanctions on Iran last year.

IIR Energy reported that US oil refiners are expected to shut in 1.1 million bpd of capacity in the week ending April 19<sup>th</sup>, increasing available refining capacity by 282,000 bpd from the previous week.

A 70,000 bpd crude unit at BP's 405,000 bpd Whiting, Indiana refinery was shut down on Monday morning. The unit was expected to shut down mid-April for planned work. The refinery is operating at 85% of capacity after the crude distillation unit was shut down. Separately, a 90,000 bpd VDU at BP's 234,000 bpd Cherry Point refinery was shut down.

A 110,000 bpd crude distillation unit at Exxon's 502,000 bpd Baton Rouge refinery was shut down after it resumed operations on Sunday morning.

Lyondell Basell Industries cut production at its 90,000 bpd fluid catalytic cracking unit at its 263,776 bpd Houston, Texas refinery on Saturday to repair a compressor.

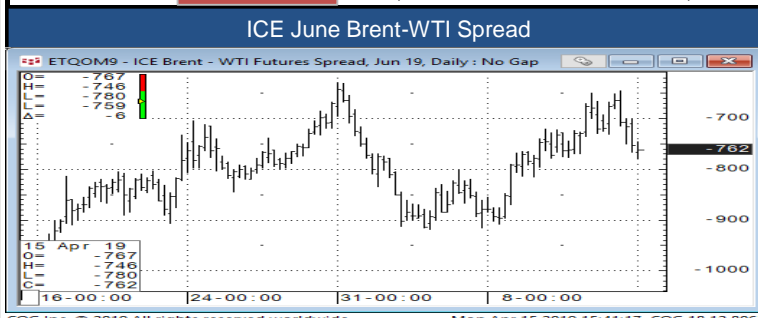
**Early Market Call - as of 8:10 AM EDT**

WTI - May \$63.69, up 29 cents  
 RBOB - May \$2.0071, down 48 points  
 HO - May \$ 2.0676, up 69 points

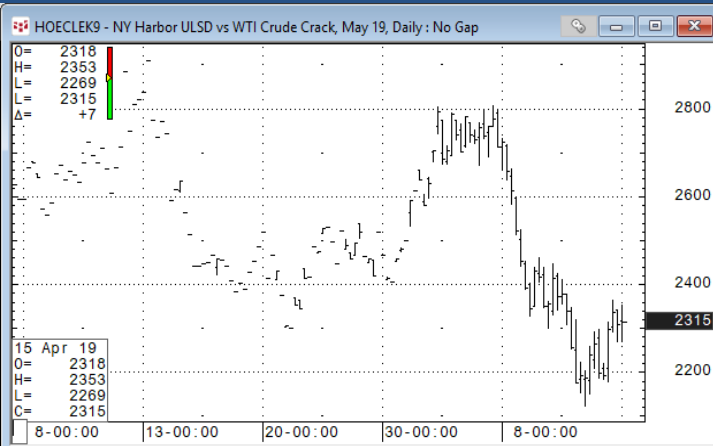
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-19	\$2.0610	-\$0.0097	\$0.0039
Jun-19	\$2.0629	-\$0.0099	\$0.0034
Jul-19	\$2.0683	-\$0.0102	\$0.0046
Aug-19	\$2.0753	-\$0.0103	\$0.0053
Sep-19	\$2.0851	-\$0.0099	\$0.0059
Oct-19	\$2.0941	-\$0.0097	\$0.0064
Nov-19	\$2.1016	-\$0.0095	\$0.0067
Dec-19	\$2.1070	-\$0.0095	\$0.0068
Jan-20	\$2.1113	-\$0.0091	\$0.0069
Feb-20	\$2.1089	-\$0.0085	\$0.0069
Mar-20	\$2.1008	-\$0.0078	\$0.0071
Apr-20	\$2.0859	-\$0.0071	\$0.0077
May-20	\$2.0744	-\$0.0064	\$0.0089
Jun-20	\$2.0663	-\$0.0058	\$0.0104
Jul-20	\$2.0622	-\$0.0053	\$0.0105
Aug-20	\$2.0595	-\$0.0049	\$0.0102
Sep-20	\$2.0589	-\$0.0046	\$0.0106

Sprague HeatCurve Oct 2019-Apr 2020		\$2.1039
Other Front Month NYMEX		Close
Crude - WTI	June Brent-	\$63.5600
Crude - Brent	WTI Spread	\$71.1800
Natural Gas	\$7.62	\$2.5900
Gasoline		\$2.0118
		-\$0.4600
		-\$0.3700
		-\$0.0700
		-\$0.0252



## May Heating Oil Crack Spread



## May RBOB Crack Spread

