

## Market Commentary

**Recap:** Oil prices were mixed on Tuesday, with both Brent and WTI falling in early trading, but as the dollar weakened, WTI rebounded, erasing early losses. After falling 1.9 percent to a session low of \$55.29, WTI reversed course to trade above unchanged. Brent, which peaked at \$66.83 a barrel on Monday, fell 1.8 percent to a session low of \$65.58. Unable to overcome its losses, April Brent spent the remainder of the session trading below unchanged. March WTI settled at \$56.09 a barrel, up 50 cents, or 0.90 percent. April Brent settled at \$66.45 a barrel, down 5 cents, or 0.08 percent. March gasoline shed 0.6% to \$1.564 a gallon and March heating oil fell 1.3% to \$1.995 a gallon.

**Technical Analysis:** The longer term outlook for WTI remains to the upside, as it received an extra boost from a weaker dollar. With the market breaking and holding above \$55.00, we would look for a run at the \$57.20 area. Support is set at \$55.00 and below that at \$54.05. Don't forget that \$67.18 is the projected upside target based upon the break above the neckline on the inverse head and shoulders pattern.

**Fundamental News:** Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Friday, February 15<sup>th</sup> increased by 2,734,519 barrels on the week and by 907,243 barrels from Tuesday, February 12<sup>th</sup> to 47,180,669 barrels.

The Kremlin said Russia's President, Vladimir Putin, and Saudi Arabia's King Salman bin Abdulaziz Al Saud, voiced their support for continued coordination on the global energy markets.

Kpler reported that Saudi crude exports fell by 1.34 million bpd in the first half of February to 6.2 million bpd, compared with the same period in January.

Refinitiv Eikon data showed that Iran's exports of crude oil were higher than expected in January and are at least holding steady this month, as some customers have increased purchases due to waivers from US sanctions. Shipments are averaging 1.25 million bpd in February. They were between 1.1 and 1.3 million bpd in January.

Customs data and ship-tracking showed that US gasoline imports from Europe fell for a second consecutive week to about 1.5 million barrels in the week ending February 14<sup>th</sup>.

Three sources stated that Saudi Arabia plans to reduce light crude oil supplies to Asian customers for cargoes loading in March. Unlike previous months, Saudi Arabia is expected to stop giving additional supplies of Arab Extra Light crude to refiners in addition to their contractual volumes. Saudi Aramco is expected to supply full contractual volumes to several refiners in Asia despite deeper cuts in its production and exports in March. The sources said this would mean that Saudi Arabia would have to reduce exports to Europe and the US.

JBC Energy reported that global oil demand growth outlook, already below 1 million bpd for 2019, could face further downward risks due to an uncertain economic environment.

The EIA reported that US total shale region oil production in March is forecast to increase 84,000 bpd to 8.397 million bpd. This is compared with an 89,000 bpd increase forecast in February. US Bakken oil production for March is expected to increase by 13,000 bpd to 1.452 million bpd while Eagle Ford production for March is expected to increase by 8,700 bpd to 1.438 million bpd and US Permian Basin oil production is expected to increase by 43,000 bpd to 4.024 million bpd.

Enbridge said Line 4/67 nominations are at 41% apportionment for March. Its Line 2/3 nominations are at 42% apportionment for March.

**Early Market Call - as of 8:35 AM EDT**

WTI - Mar \$55.73, down 39 cents

RBOB - Mar \$1.5616, down 26 points

HO - Mar \$1.9859, down 86 points

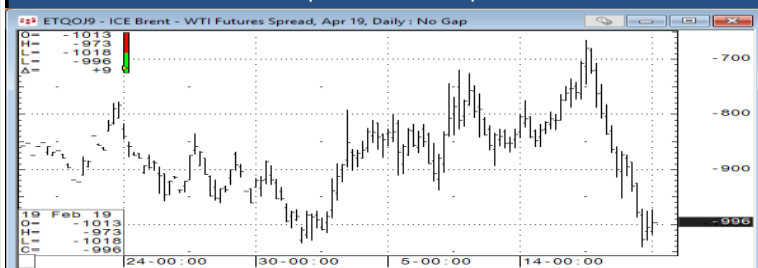
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-19	\$1.9946	-\$0.0257	\$0.0874
Apr-19	\$1.9960	-\$0.0207	\$0.0931
May-19	\$1.9952	-\$0.0177	\$0.0943
Jun-19	\$1.9956	-\$0.0155	\$0.0936
Jul-19	\$2.0017	-\$0.0140	\$0.0940
Aug-19	\$2.0097	-\$0.0123	\$0.0950
Sep-19	\$2.0202	-\$0.0108	\$0.0962
Oct-19	\$2.0298	-\$0.0096	\$0.0967
Nov-19	\$2.0389	-\$0.0084	\$0.0964
Dec-19	\$2.0463	-\$0.0082	\$0.0951
Jan-20	\$2.0526	-\$0.0076	\$0.0944
Feb-20	\$2.0532	-\$0.0073	\$0.0933
Mar-20	\$2.0496	-\$0.0069	\$0.0922
Apr-20	\$2.0383	-\$0.0067	\$0.0904
May-20	\$2.0305	-\$0.0064	\$0.0884
Jun-20	\$2.0269	-\$0.0061	\$0.0863
Jul-20	\$2.0279	-\$0.0061	\$0.0843

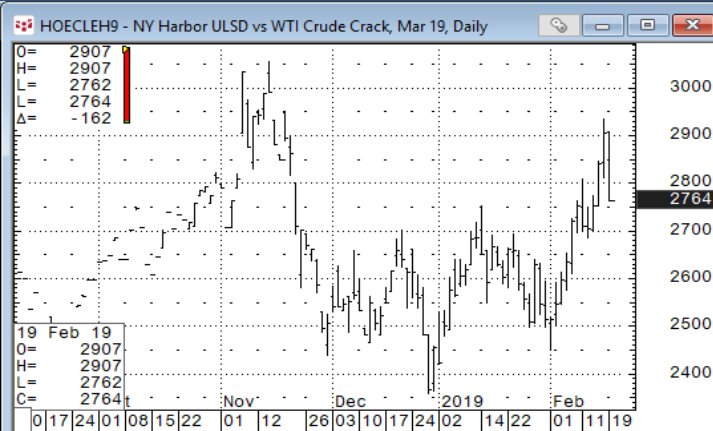
### Sprague HeatCurve Oct 2019-Apr 2020 \$2.0467

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$56.4500	\$0.4700
Crude - Brent	WTI Spread	\$66.4500	-\$0.0500
Natural Gas	\$10.00	\$2.6620	\$0.0370
Gasoline		\$1.5638	-\$0.0091

### ICE April Brent-WTI Spread



## March Heating Oil Crack Spread



## March RBOB Crack Spread

