

Market Commentary

Recap: On Tuesday, oil prices posted fresh highs for 2019, with June Brent hitting a high of \$69.51 and May WTI topping the session at \$62.75. Prices were propelled by the possibility of additional sanctions against Iran and continued supply disruptions in Venezuela. So far this year, oil prices have gained more than 30 percent, as OPEC led supply cuts, along with the aforementioned news, has increased fear of supply shortages. Both WTI remained strong throughout the session, achieving fresh highs just prior to the settlement period. May WTI settled at \$62.68 a barrel, up 99 cents, or 1.61 percent. June Brent settled at \$69.37 a barrel, up 36 cents, or 0.51 percent. May RBOB rose 1.6% to \$1.9285 a gallon, while May heating oil rose 1.1% to \$2.0089 a gallon.

Technical Analysis: WTI continued to gain strength above \$61.13, the 50 percent retracement provided by the range between the October 2018 high of \$79.43 and the December low of \$43.59, while surpassing the 200-day moving average of \$62.36. We would look for continued moves higher. Resistance is set at \$63.98 and above that at \$65.70. Support is set at \$62.36 and below that at \$61.13.

Fundamental News: Russia's Energy Ministry reported that the country's oil output fell to 11.298 million bpd in March, missing a target set under the OPEC and non-OPEC output cut agreement. The March output was down by about 112,000 bpd from the October 2018 level, the baseline for the global deal. Under the agreement, Russia pledged to cut its oil output by 228,000 bpd from that level. Russia's Energy Minister, Alexander Novak, said the country's oil production in April would be in line with the global agreement between OPEC and non-OPEC producers.

A Louisiana Offshore Oil Port report showed that deliveries of LOOP sour crude fell in March, one month after flows reached their highest level in half a year. LOOP delivered more than 845,000 barrels of sour crude from its storage in March. This is compared with the six-month record high of 1.135 million barrels of LOOP sour crude that was delivered in February.

Venezuela's PDVSA kept oil exports near 1 million bpd in March despite US sanctions and ongoing power outages that shut in its main export terminal. Venezuela stabilized exports in March after shipments fell about 40% in February from the month before. March's exports of 980,355 bpd of crude and fuel were only slightly less than February's shipments of 990,215 bpd. US restrictions on Venezuelan exports will tighten further in May, when the grace period for winding down purchases expires for importers of Venezuelan oil who use US subsidiaries of the US financial system for transactions.

Meanwhile, US Vice President, Mike Pence, said the US would continue to bring pressure on Venezuela's oil industry and would stand firm on sanctions against PDVSA.

Royal Dutch Shell became the first major oil and gas company to announce plans to leave a leading US refining lobby due to disagreements on climate policies. It said it found material misalignment over climate policy with the American Fuel & Petrochemical Manufacturers and would quit the body in 2020. The review is part of Shell's drive to increase transparency and show investors it is in line with the 2015 Paris climate agreement's goals to limit global warming by reducing carbon emissions to a net zero by the end of the century.

The US Environmental Protection Agency is waiting to receive input from the Department of Energy to process applications for small refinery waiver from the US biofuel laws for 2018. The agency's administrator, Andrew Wheeler, said he expected to receive the DOE input in the next couple of days and promised to then process the applications on a timely basis.

Early Market Call - as of 8:10 AM EDT

WTI - May \$62.57, down 2 cents
RBOB - May \$1.9330, up 51 points
HO - May \$2.0119, up 30 points

All NYMEX | Prior Settlements

| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Apr-19 | \$2.0089 | \$0.0208 | \$0.0178 |
| May-19 | \$2.0127 | \$0.0208 | \$0.0183 |
| Jun-19 | \$2.0182 | \$0.0212 | \$0.0187 |
| Jul-19 | \$2.0261 | \$0.0211 | \$0.0196 |
| Aug-19 | \$2.0366 | \$0.0208 | \$0.0205 |
| Sep-19 | \$2.0456 | \$0.0204 | \$0.0211 |
| Oct-19 | \$2.0532 | \$0.0201 | \$0.0208 |
| Nov-19 | \$2.0596 | \$0.0201 | \$0.0200 |
| Dec-19 | \$2.0652 | \$0.0196 | \$0.0192 |
| Jan-20 | \$2.0643 | \$0.0188 | \$0.0178 |
| Feb-20 | \$2.0582 | \$0.0181 | \$0.0164 |
| Mar-20 | \$2.0447 | \$0.0173 | \$0.0144 |
| Apr-20 | \$2.0345 | \$0.0168 | \$0.0129 |
| May-20 | \$2.0280 | \$0.0162 | \$0.0115 |
| Jun-20 | \$2.0259 | \$0.0158 | \$0.0102 |
| Jul-20 | \$2.0253 | \$0.0158 | \$0.0099 |
| Aug-20 | \$2.0261 | \$0.0158 | \$0.0096 |

Sprague HeatCurve Oct 2019-Apr 2020

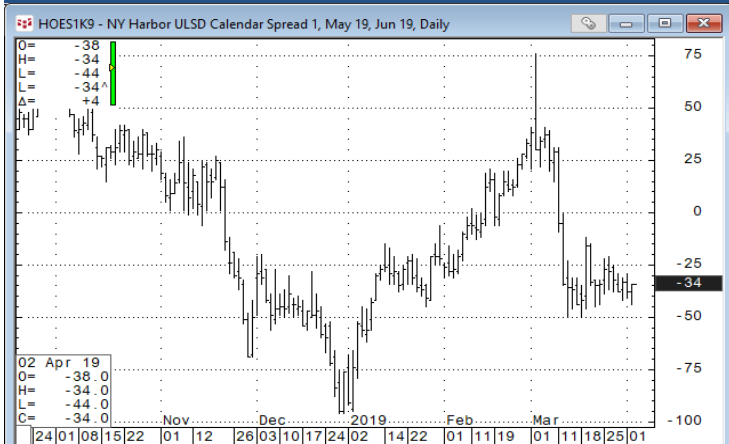
\$2.0584

| Other Front Month NYMEX | | Close | Change |
|-------------------------|-------------|-----------|-----------|
| Crude - WTI | June Brent- | \$62.6100 | \$0.9000 |
| Crude - Brent | WTI Spread | \$69.3700 | \$0.3600 |
| Natural Gas | \$6.76 | \$2.6840 | -\$0.0240 |
| Gasoline | | \$1.9285 | \$0.0296 |

API Weekly Report for the Week Ending March 29, 2019

| | Actual | Mkt Expectations |
|----------------------------|--------------------------|--------------------------|
| Crude Oil Stocks(excl SPR) | Up 3.0 million barrels | Down 100,000 barrels |
| Cushing, OK Crude Stocks | Up 18,000 barrels | Up 140,500 barrels |
| Gasoline Stocks | Down 2.6 million barrels | Down 1.5 million barrels |
| Distillate Stocks | Down 1.9 million barrels | Down 506,000 barrels |
| Refinery Runs | Down 188,000 bpd | Up 0.6% |

NYMEX Heating Oil May-June Spread



NYMEX RBOB May-June Spread

