

## Market Commentary

**Recap:** Oil prices posted their biggest weekly drop since the 2008 global financial crisis after the coronavirus outbreak rocked the world economy while top exporter Saudi Arabia and its allies stepped up plans to flood the market with record levels of supply. Dropping demand and ramped up production will create an enormous inventory in excess of 100 – 125 million barrels a month. It has yet to be seen if the significant drop in prices entices Russia to cooperate with OPEC in a deal to cut production. WTI for April delivery rose 23 cents, or 0.7%, to settle at \$31.73 a barrel, while May Brent added 63 cents, or 1.9%, at \$33.85 a barrel. For the week, WTI fell 23%, while Brent lost 25%—with both marking their biggest weekly percentage declines, based on the front-month contracts, since December 2008. April RBOB added 0.2% to 89.92 cents a gallon. Front-month contract prices fell 35% for the week, the largest such drop since trading began for the reformulated gasoline contract in October 2005, according to Dow Jones Market Data. April heating oil settled at \$1.1374 a gallon, down 1.9% for the session, losing nearly 18% for the week—the biggest weekly fall since March 2015.

**Technical Analysis:** April WTI broke above the upper line on the descending channel that can be depicted on an hourly chart but remains within the sideways trading pattern set between the range of \$36.35 and \$30.00. From a technical standpoint, we would look for a run at the top of this formation. Above this formation, additional resistance is set at \$37.62, the 10-day moving average. Below the \$30.00 level, additional support is at \$27.34.

**Fundamental News:** Oil analytics firm Vortexa said global observed crude and condensate in floating storage increased to about 70 million barrels at the beginning of this week. It said 26 million barrels of the total observed floating crude inventory as of March 11<sup>th</sup> were in Asia, 40% of which is floating near China's Jiangsu province.

US crude oil exports are expected to fall by about 1 million bpd in April and May, as Saudi Arabia floods the market with discounted oil.

Trading sources stated that Saudi Arabia is flooding Europe with oil at prices as low as \$25/barrel, specifically targeting big refiners of Russian oil.

Saudi Arabia's national shipping firm, Bahri, has provisionally chartered up to 31 supertankers, up from 19 vessels sought earlier this week. Each of the vessels can carry a maximum of 2 million barrels of oil. Shipping data showed Bahri had fully concluded charters for 12 of those tankers so far, which would equate to 24 million barrels of oil.

Baker Hughes reported that the number of rigs searching for oil increased by 1 to 683 in the week ending March 13<sup>th</sup>.

Saudi Arabia will supply additional oil volumes next month to all customers in Europe who asked for an increase following a deep cut to Saudi official selling prices.

Goldman Sachs said the oil market could see a record surplus of about 6 million bpd by April, considering a larger than expected increase in low-cost output, while a decline in demand was "increasingly broad" triggered by the coronavirus outbreak. The bank pegged the demand loss due to the coronavirus outbreak at about 4.5 million bpd, though it also pointed to some signs of improving Chinese oil demand. Global demand growth would see a reduction of about 310,000 bpd in 2021 and comfortably offset any fast supply response from high cost producers, especially with the shale output now forecast to fall by 900,000 bpd in the first quarter of 2021.

Russia's Energy Minister, Alexander Novak, said Russia sees no grounds for returning to discussions with its OPEC+ partners. He said Russia can increase its oil production by 200,000 bpd in April.

**Early Market Call - as of 9:00 AM EDT**

WTI - Apr \$29.27, down \$2.42

RBOB - Apr \$69.36, down 20.42 cents

HO - Apr \$1.0394, down 9.83 cents

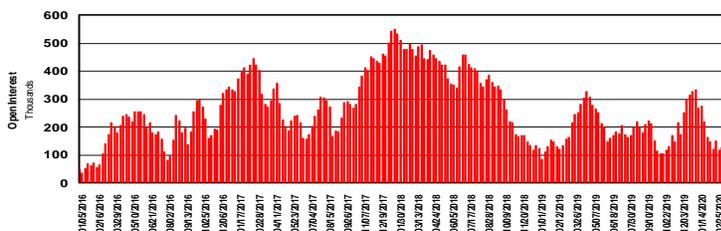
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-20	1.1374	-0.0224	0.2478
May-20	1.1457	-0.0266	0.2364
Jun-20	1.1614	-0.0272	0.2254
Jul-20	1.1844	-0.0274	0.2132
Aug-20	1.2078	-0.0267	0.2042
Sep-20	1.2311	-0.0268	0.1974
Oct-20	1.2525	-0.0273	0.1925
Nov-20	1.2718	-0.0271	0.1884
Dec-20	1.2884	-0.0276	0.1854
Jan-21	1.3053	-0.0279	0.1817
Feb-21	1.3192	-0.0278	0.1782
Mar-21	1.3303	-0.0277	0.1748
Apr-21	1.3360	-0.0272	0.1704
May-21	1.3479	-0.0269	0.1649
Jun-21	1.3612	-0.0270	0.1590
Jul-21	1.3794	-0.0271	0.1531
Aug-21	1.3960	-0.0272	0.1490

### Sprague Heat Weighted Strip October-April 20/2021 \$1.3039

Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent- WTI Spread \$1.74	\$32.1100	\$0.1300
Crude - Brent		\$33.8500	\$0.6300
Natural Gas		\$1.8690	\$0.0280
Gasoline		\$0.8992	\$0.0017

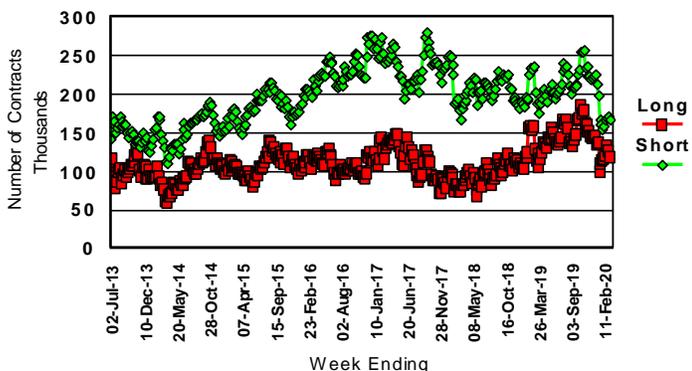
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending March 10, 2020

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

