

## Market Commentary

**Recap:** Oil prices posted modest gains on Tuesday, propped up after a Saudi official said his country plans to cut oil exports in April, while power outages in Venezuela continue to limit exports from the country. May Brent broke above \$67.00 a barrel, while April WTI rose above \$57.00 a barrel. With traders already having accounted for these two factors, gains were pared in early afternoon trading, with both Brent and WTI briefly dipping below unchanged. WTI for April delivery settled at \$56.87 a barrel, up 8 cents, or 0.14%. May Brent tacked on a mere 9 cents, or 0.14% to settle at \$66.67 a barrel. April RBOB ended at \$1.816 a gallon, down 0.6%, while April heating oil lost 0.4% to \$1.986 a gallon.

**Technical Analysis:** For the third straight session, April WTI settled below the lower line on the ascending channel that appears on a daily spot continuation chart. Based on this, we should see follow through selling, but be cautioned, as the slow stochastics have crossed to the upside in neutral territory. With April WTI pivoting around the 10-day moving average, and settling above it for 2 straight sessions, we would look for attempts to move higher, with this spot contract pushing to settle back within the aforementioned channel. Support is set at \$56.58 and below that at \$55.00. Resistance is set at \$57.55 and above that at \$58.00.

**Fundamental News:** The EIA stated in its Short Term Energy Outlook that total world petroleum consumption in 2019 is estimated to increase by 1.45 million bpd to 101.39 million barrels and increase by 1.46 million bpd in 2020. OPEC's oil production in 2019 is estimated to fall by 1.46 million bpd to 30.59 million bpd and fall by 160,000 bpd to 30.43 million bpd in 2020. Non-OPEC supply in 2019 is expected to increase by 2.39 million bpd to 65.62 million bpd and by 2.07 million bpd to 67.69 million bpd in 2020. Total US oil demand in 2019 is forecast to increase by 360,000 bpd to 20.81 million bpd and increase by 220,000 bpd to 21.03 million bpd in 2020. Gasoline demand is estimated to increase by 30,000 bpd to 9.35 million bpd in 2019 and increase by 20,000 bpd to 9.37 million bpd in 2020. Distillate demand is forecast to increase by 10,000 bpd to 4.14 million bpd in 2019 and by 60,000 bpd to 4.2 million bpd in 2020. US oil production is forecast to increase by 1.35 million bpd to 12.3 million bpd in 2019 and by 730,000 bpd to 13.03 million bpd in 2020. In regards to prices, the EIA forecast Brent spot prices will average \$63/barrel in 2019 and \$62/barrel in 2020, compared with an average of \$71/barrel in 2018. The EIA expects WTI to average \$9/barrel lower than Brent prices in the first half of 2019 before the discount falls to \$4/barrel in the fourth quarter of 2019 and throughout 2020.

The US Energy Department remains committed to selling off its 1 million barrel Northeast gasoline stockpile created after Hurricane Sandy caused oil supply disruptions in 2012, according to the department's budget proposal to Congress. The budget makes no new requests for sales from the SPR or funding changes to that program.

According to Platts cFlow, trade flow software, about 750,000 metric tons of middle distillates from the US Gulf Coast were scheduled to arrive in Europe in March, including 350,000 metric tons bound for Northwest Europe and 400,000 metric tons for the Mediterranean.

Nigeria's Nembe Creek Trunk Line resumed operations after it was shut in on February 28<sup>th</sup> for undisclosed reasons.

The US EPA released a proposed rule ending the summertime ban of higher-ethanol blends of gasoline. The rule includes measures to limit speculation in the multi-billion dollar biofuel market, a concession to merchant refiners such as Valero Energy Corp and PBF, which oppose higher ethanol use and have complained about the costs of complying with US biofuels policy.

**Early Market Call - as of 8:05 AM EDT**

WTI - Apr \$57.46, up 59 cents

RBOB - Apr \$1.8276, up 1.25 cents

HO - Apr \$1.9843, down 14 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-19	\$1.9857	-\$0.0085	-\$0.0307
May-19	\$1.9862	-\$0.0054	-\$0.0255
Jun-19	\$1.9891	-\$0.0029	-\$0.0198
Jul-19	\$1.9953	-\$0.0022	-\$0.0173
Aug-19	\$2.0031	-\$0.0015	-\$0.0168
Sep-19	\$2.0135	-\$0.0013	-\$0.0167
Oct-19	\$2.0229	-\$0.0014	-\$0.0162
Nov-19	\$2.0311	-\$0.0016	-\$0.0155
Dec-19	\$2.0389	-\$0.0014	-\$0.0146
Jan-20	\$2.0460	-\$0.0012	-\$0.0135
Feb-20	\$2.0475	-\$0.0009	-\$0.0125
Mar-20	\$2.0441	-\$0.0007	-\$0.0124
Apr-20	\$2.0323	-\$0.0004	-\$0.0131
May-20	\$2.0232	-\$0.0003	-\$0.0137
Jun-20	\$2.0179	-\$0.0004	-\$0.0144
Jul-20	\$2.0177	-\$0.0003	-\$0.0153
Aug-20	\$2.0178	-\$0.0003	-\$0.0160

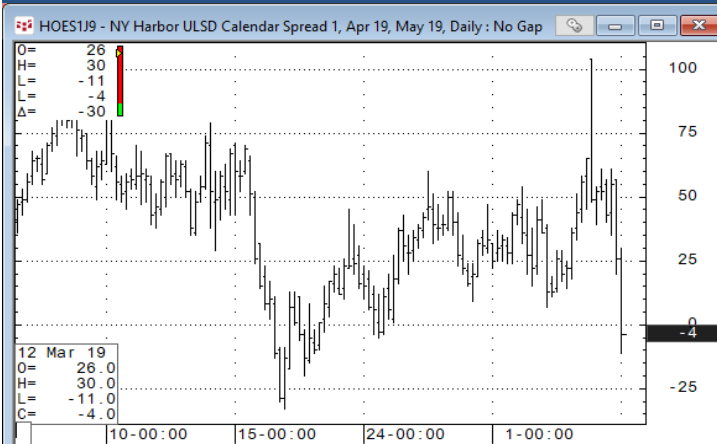
### Sprague HeatCurve Oct 2019-Apr 2020 \$2.0402

Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent-	\$57.2000	\$0.0800
Crude - Brent	WTI Spread	\$66.6700	\$0.0900
Natural Gas	\$9.47	\$2.7840	\$0.0120
Gasoline		\$1.8155	-\$0.0105

### API Weekly Report for the Week Ending March 8, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 2.6 million barrels	Up 2.9 million barrels
Cushing, OK Crude Stocks	Down 1.1 million barrels	
Gasoline Stocks	Down 5.8 million barrels	Down 2.7 million barrels
Distillate Stocks	Up 195,000 barrels	Down 1.7 million barrels
Refinery Runs	Up 29,000 bpd	Up 0.5%

## NYMEX Heating Oil Apr-May Spread



## NYMEX RBOB Apr-May Spread

