



Market Commentary for March 25, 2020

NATURAL GAS

Henry Hub

Day change: **\$0.006, up 0.4%** | Settle: \$1.659 | April 2020

Waha Basis

Day change: widened | Settle: -\$1.329 | April 2020

Low point on curve: -\$1.383 | April 2021

TTF

Day change: **\$0.023, down 0.9%** | Settle: \$2.450 | April 2020

JKM

Day change: **\$0.195, down 6.2%** | Settle: \$2.955 | May 2020

Cryo-spread*

Day change: **\$0.230, down 54.8%** | Settle: \$0.190 | April 2020

- Putin it on hold: Russian President Putin has postponed a vote that would extend his rule by 12 years until the scale of coronavirus outbreak is better understood...
- ...Putin was under strong public pressure to delay the vote after reports suggested the country's coronavirus outbreak was far worse than government data shows
- Peru LNG has been idled since the government issued a national lockdown to contain the spread of coronavirus
- The 2.1 mtpa Woodfibre LNG project has delayed construction until 2021 after its preferred EPC contractor for the marine facilities filed for Chapter 11 bankruptcy
- Several ports in India have been closed to contain coronavirus after PM Modi issued a nationwide lockdown and India is following in China's footsteps having now declared force majeure on Qatargas to defer LNG cargoes
- Equinor has halted all activity at its U.S. shale assets in the Marcellus/Uitca and Bakken after cutting 2020 capex by 20% to \$8.5 billion...
- ...the company had already taken a \$2.24 billion impairment in Q3 2019 on its U.S shale assets after Henry Hub gas prices plunged last year

*The Cryo-spread is calculated by subtracting the NYMEX Henry Hub price from the premium LNG netback to the U.S. Gulf Coast.

OIL

Brent

Day change: **\$0.24, up 0.9%** | Settle: \$27.39 | May 2020

WTI

Day change: **\$0.48, up 2.0%** | Settle: \$24.49 | May 2020

- [EIA weekly petroleum report](#): total stocks built a net 2.4 MMbbl...
- ...gasoline and diesel stocks drew down 1.5 MMbbl and 0.7 MMbbl respectively...

- ...crude stocks built 1.6 MMbbl and propane stocks drew down 1.8 MMbbl...
- ...refinery utilization increased to 87.3% w/w (5% lower y/y for same time period)...
- ...still waiting to hear more specifics on timing of the 30 MMbbl SPR crude purchase as noted a week ago (11.3 MMbbl sweet crude and 18.7 MMbbl sour crude)
- The House has passed the \$2 trillion stimulus package, which is headed to the Senate for a vote by sacrificing Congressional funds for an SPR oil purchase...
- ...lawmakers were concerned that funding oil purchases amounted to a bailout of the oil industry; the administration plans to find the money in the DOE's budget
- OXY has called a truce with Carl Ichan and has allowed him to install two deputies on their board in addition to installing Herbalife board member Margarita Palau-Hernandez as an independent director and overhauling the oversight committee...
- ...OXY also agreed to slash the salaries of its U.S. employees by 30%...
- ...CEO Vicki Hollub is expected to keep her job, albeit at an 81% lower salary
- Indian Oil Co. (India's top refiner) cut crude runs up to 30% as fuel demand has significantly fallen due to the coronavirus lockdown (India: population 1.3 billion)...
- ...U.S. refiner Valero is declaring force majeure on shipments of grains/corn as storage has become a concern in the bio-fuel market...
- ...potentially pointing to refiners struggles as they manage crude/refined products storage as well as onsite personnel (limiting turnarounds) from coronavirus impacts

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