

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices bounced on Thursday, having been propped up by several factors. Among these factors were signs that OPEC members are adhering to their agreed upon output cuts, Goldman Sachs raising its price forecast for Brent from \$62 a barrel to \$82.50 a barrel and strong product demand in the U.S. amid shrinking crude oil inventories held at Cushing.

With the market appearing to be rebalancing sooner than expected, and demand remaining healthy, prices are experiencing difficulty to the downside. After dipping slightly below unchanged, a lack of follow through selling set off a fresh round of buying, which was exasperated by the aforementioned news. In post settlement trading, prices recaptured all of their losses made earlier in the week, with March WTI trading above \$66 a barrel and April Brent closing in on \$70 a barrel. WTI settled at \$65.80 a barrel, up \$1.07, or 1.7%, while Brent tacked on 76 cents, or 1.1%, to settle at \$69.65 a barrel.

March RBOB rose 0.1%, settling at \$1.896 a gallon, while March heating oil gained 1.2%, to settle at \$2.09 a gallon.

Fundamental News: Goldman Sachs raised its Brent crude price forecasts on Thursday, saying oil markets have rebalanced six months sooner than expected, citing demand growth and continuing compliance with OPEC-led supply cuts. The bank's three, six and twelve-month Brent oil price forecasts were raised to \$75/barrel, \$82.50/barrel and \$75/barrel, respectively from a previous estimate of \$62/barrel. The bank also raised its second half 2018-2019 Brent-WTI differential to \$5.50/barrel. Goldman Sachs sees a global oil market deficit of 200,000 bpd in 2018, followed by a global surplus of 730,000 bpd in 2019.

Iraq's crude oil exports from its southern ports on the Gulf stood at 3.49 million bpd in January. The average for January is close to December's record 3.535 million bpd. With an output of 4.36 million bpd in January, Iraq is the second-largest OPEC producer, after Saudi Arabia.

Oil product stocks in the Amsterdam-Rotterdam-Antwerp terminal in the week ending January 2nd reached a total of 5.922 million tons, the highest level since early September. Gasoline stocks increased by 4.98% on the week but fell by 3.48% on the year to 1.054 million tons, while gasoil stocks increased by 5.2% on the week but fell by 8.39% on the year to 3.012 million tons and fuel oil stocks fell by 13.45% on the week but increased by 27.75% on the year to 907,000 tons.

March supply of the five North Sea crude oil grades, Forties, Brent, Oseberg, Ekofisk and Troll, underpinning Brent will average 1.026 million bpd, up from 708,000 bpd originally planned in February and up from 1.008 million bpd as planned in revised program.

Iraq plans to increase production at its Majnoon oilfield to 450,000 bpd in three years from 240,000 bpd now. Basra Oil Co is currently studying offers from three oilfield services companies to build a new production platform to increase output at the field in southern Iraq.

The UAE's oil production fell to 2.85 million bpd in January from 2.862 million bpd in December. Under the OPEC/non-OPEC output cut agreement, the UAE's output target is 2.874 million bpd.

Barclays reported that Venezuela's oil production is expected to fall to an average of 1.43 million bpd in 2018 from 2.18 million bpd last year. Output is expected to decline to a low point of 1.35 million bpd in the second half of the year.

Early Market Call - as of 9:00 AM EDT

WTI - Mar \$64.87, down 94 cents
 RBOB - Mar \$1.8550, down 4.07 cents
 HO - Mar \$2.0547, down 3.56 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-18	\$2.0904	\$0.0240	-\$0.0200
Apr-18	\$2.0783	\$0.0236	-\$0.0131
May-18	\$2.0643	\$0.0237	-\$0.0099
Jun-18	\$2.0518	\$0.0224	-\$0.0094
Jul-18	\$2.0449	\$0.0210	-\$0.0102
Aug-18	\$2.0384	\$0.0201	-\$0.0109
Sep-18	\$2.0352	\$0.0194	-\$0.0109
Oct-18	\$2.0317	\$0.0188	-\$0.0110
Nov-18	\$2.0295	\$0.0181	-\$0.0115
Dec-18	\$2.0275	\$0.0173	-\$0.0117
Jan-19	\$2.0252	\$0.0163	-\$0.0123
Feb-19	\$2.0187	\$0.0155	-\$0.0126
Mar-19	\$2.0047	\$0.0154	-\$0.0120
Apr-19	\$1.9842	\$0.0150	-\$0.0117
May-19	\$1.9710	\$0.0151	-\$0.0112
Jun-19	\$1.9630	\$0.0152	-\$0.0111
Jul-19	\$1.9597	\$0.0149	-\$0.0102
Aug-19	\$1.9582	\$0.0145	-\$0.0102

		Close	Change
Crude - WTI	Apr Brent-WTI Spread \$4.10	\$65.5500	\$0.9900
Crude - Brent		\$69.6500	\$0.7600
Natural Gas		\$2.8560	-\$0.1390
Gasoline		\$1.8958	\$0.0021

EIA Natural Gas Storage Report

	26-Jan-17	19-Jan-17	Change	Year Ago
East	525	555	-30	573
Midwest	596	634	-38	734
Mountain	137	145	-8	165
Pacific	220	233	-13	223
South Central	719	729	-10	1,028
Salt	169	151	18	338
Nonsalt	550	578	-28	691
Total	2,197	2,296	-99	2,723

ICE April WTI-Brent Spread

8-14 Day Weather Forecast

