

Market Commentary

All NYMEX | Prior Settlements

Recap: Please note there are no settlements for Monday, January 15th due to the Martin Luther King, Jr. holiday. The settlements listed are for Friday, January 12th.

Fundamental News: Russia's Foreign Minister, Sergei Lavrov, said Russia will not support attempts by the US to change the Iran nuclear agreement. He warned that changes to the Iran nuclear deal would be unacceptable for Iran and the agreement's collapse could be detrimental to talks with North Korea. Separately, Russia's Foreign Minister said Russia is ready to support direct talks between parties involved in the North Korea missile crisis. North Korea and South Korea held talks after a prolonged period of tension over the North's missile and nuclear programs.

Royal Dutch Shell agreed to sell its stake in Iraq's West Qurna 1 oilfield to Japan's Itochu. Last week, Iraq approved the sale by Shell of its 20% stake in the West Qurna 1 oilfield to Itochu. The deal comes as Shell agreed to exit the Majnoon oil venture and hand over its operation to Basra Oil Co by the end of June 2018.

January imports from the US Gulf Coast were set to remain very low, at about 600,000 tons, as Latin America draws most volumes.

A stricken Iranian tanker that sank in the East China Sea on Sunday in the worst oil ship disaster in decades has produced a large oil slick. The Japan Coast Guard said the fire on the sea surface was extinguished on Monday. The tanker, which had been carrying 136,000 tons of condensate sank on Sunday after several explosions weakened the hull.

Russia's Transneft said oil loadings will resume from the port of Novorossiysk after a storm warning was lifted on Sunday.

Bank of America Merrill Lynch sees an oil market deficit of 430,000 bpd in 2018 compared with a previous estimate of 100,000 bpd. It expects global oil demand growth to average nearly 1.5 million bpd this year. It sees Brent prices averaging \$64/barrel in 2018 compared with a previous estimate of \$56/barrel. It sees WTI prices averaging \$60/barrels in 2018, up from a previous estimate of \$52/barrel.

Royal Dutch Shell gave its approval on Monday for an expansion of the Penguins oil and gas field in the UK North Sea. Shell said the development, which includes the construction of a floating production, storage and offloading vessel, reaffirmed its commitment to the region after it sold about half of its assets there last year. The floating production, storage and offloading vessel is expected to produce up to 45,000 bpd of oil equivalent.

Moderate elevated flaring was observed at Valero's 210,000 bpd St. Charles refinery on Sunday.

A 110,000 bpd crude distillation unit and 46,800 bpd VDU at Exxon's 350,000 bpd Beaumont, Texas refinery resumed operations on Sunday morning. The units had been ramping up since Saturday after they were shut since November 28th following a fire at the crude unit.

A 22,500 bpd VDU at Exxon's 190,000 bpd Augusta refinery was shut down on Monday.

A 32,000 bpd ULSD hydrotreater at Valero's 88,000 bpd Ardmore refinery resumed operations on Friday evening. The unit had been shut since Wednesday, January 10th.

Petrobras' 112,229 bpd Pasadena, Texas facility is working to resolve a security incident at the site.

A 15,000 bpd crude distillation unit at Lazarus Energy's Nixon refinery was shut down on January 14th.

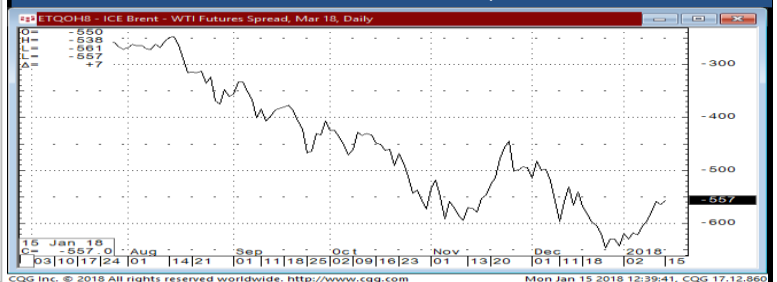
Early Market Call - as of 9:00 AM EDT

WTI - Feb \$64.06, down 24 cents
 RBOB - Feb \$1.8455, down 34 points
 HO - Feb \$2.0749, down 1.02 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-18	\$2.0850	\$0.0083	\$0.0263
Mar-18	\$2.0778	\$0.0103	\$0.0346
Apr-18	\$2.0594	\$0.0115	\$0.0407
May-18	\$2.0427	\$0.0113	\$0.0420
Jun-18	\$2.0308	\$0.0115	\$0.0438
Jul-18	\$2.0260	\$0.0114	\$0.0449
Aug-18	\$2.0219	\$0.0109	\$0.0445
Sep-18	\$2.0198	\$0.0105	\$0.0439
Oct-18	\$2.0174	\$0.0099	\$0.0421
Nov-18	\$2.0162	\$0.0093	\$0.0405
Dec-18	\$2.0145	\$0.0088	\$0.0388
Jan-19	\$2.0130	\$0.0082	\$0.0377
Feb-19	\$2.0054	\$0.0082	\$0.0369
Mar-19	\$1.9904	\$0.0082	\$0.0356
Apr-19	\$1.9691	\$0.0084	\$0.0338
May-19	\$1.9563	\$0.0086	\$0.0316
Jun-19	\$1.9483	\$0.0091	\$0.0308
Jul-19	\$1.9444	\$0.0091	\$0.0299

		Close	Change
Crude - WTI	Mar Brent-	\$64.2300	\$0.5500
Crude - Brent	WTI Spread	\$69.8700	\$0.6100
Natural Gas	\$5.64	\$3.2000	\$0.1160
Gasoline		\$1.8495	\$0.0125

ICE March WTI-Brent Spread



February Heating Oil Crack Spread

8-14 Day Weather Forecast

