

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** The oil market settled in positive territory for the fourth consecutive session after rallying to its highest level since December 8, 2014 on tightening global crude stocks and after OPEC members said they would continue to cut their production despite the gains in oil prices. On Wednesday, the EIA reported that crude stocks fell by 4.948 million barrels on the week. The market was also well supported ahead of a US decision on whether to extend temporary waivers on sanctions against Iran. US President Donald Trump is set to review whether to waive or reimpose sanctions on Iran this week, a decision that could impact Iran's oil exports. The crude market posted a low of 63.43 and traded mostly sideways in overnight trading before it breached its previous high and rallied to \$64.77 by mid-morning. The market later settled in a sideways trading pattern before it erased all of its earlier gains and sold off back towards the \$63.50 level ahead of the close. The February WTI contract settled up 23 cents at \$63.80, while the March Brent contract settled up 23 cents at \$63.80. The product markets were mixed, with the heating oil market settling down 40 cents at \$2.0767 and the RBOB market settling up 43 points at \$1.8370.

**Fundamental News:** Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, January 9<sup>th</sup> fell by 3,574,438 barrels on the week and by 2,710,934 barrels from Friday, January 5<sup>th</sup> to 46,144,499 barrels.

The UAE's Energy Minister, Suhail al-Mazrouei, said OPEC will continue to cut its output during the rest of the year. He said he was not concerned with the current oil price. He said there was an oversupply of about 100 million barrels in the market, adding that the market still needed to reduce oil inventories to their five-year average. He said OPEC would continue monitoring oil supply growth in the US and that in order to meet oil demand growth, the market needed shale oil supply. He also stated that he was not worried about a supply shock due to the crude output declines in Venezuela and political unrest in Iran.

While OPEC may get the credit for the longest winter decline in US crude stocks in a decade, other factors are also cutting inventories, including strong refining margins, frigid temperatures and high foreign demand.

According to administration officials, US President Donald Trump plans to extend waivers on sanctions against Iran mandated under the 2015 nuclear deal while preparing new sanctions targeting human rights and cyber violations allowed under the agreement. They stressed that no final decision had been made and said the administration's plans could change at any time.

Total oil product stocks in the Amsterdam-Rotterdam-Antwerp refining and storage hub increased by 13% in the week ending January 11<sup>th</sup> to 5.74 million tons. Gasoline stocks increased by 26.83% on the week but fell by 0.09% on the year to 1.092 million tons while gasoil stocks increased by 14.76% on the week but fell by 9.83% on the year to 2.652 million tons and fuel oil stocks increased by 10.22% on the week and by 42.96% on the year to 1.035 million tons.

The Norwegian Petroleum Directorate said Norway's oil and gas investments will begin to increase in 2018 after falling for the last four years. By 2022, combined output volume of oil and gas from the country's fields could approach levels last seen in 2004, the highest on record. Norway's combined output of oil and gas is expected to reach 4.4 million bpd of oil equivalents in 2022, up 10% from the forecast 4 million bpd of oil equivalents seen for 2018.

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

WTI - Feb \$63.44, down 37 cents  
 RBOB - Feb \$1.8354, down 16 points  
 HO - Feb \$2.0743, down 20 points

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-18	\$2.0767	-\$0.0040	-\$0.0003
Mar-18	\$2.0675	-\$0.0023	\$0.0079
Apr-18	\$2.0479	-\$0.0026	\$0.0143
May-18	\$2.0314	-\$0.0021	\$0.0171
Jun-18	\$2.0193	-\$0.0013	\$0.0201
Jul-18	\$2.0146	-\$0.0001	\$0.0227
Aug-18	\$2.0110	\$0.0009	\$0.0243
Sep-18	\$2.0093	\$0.0014	\$0.0254
Oct-18	\$2.0075	\$0.0014	\$0.0254
Nov-18	\$2.0069	\$0.0013	\$0.0255
Dec-18	\$2.0057	\$0.0013	\$0.0253
Jan-19	\$2.0048	\$0.0014	\$0.0258
Feb-19	\$1.9972	\$0.0011	\$0.0256
Mar-19	\$1.9822	\$0.0005	\$0.0247
Apr-19	\$1.9607	-\$0.0008	\$0.0234
May-19	\$1.9477	-\$0.0023	\$0.0218
Jun-19	\$1.9392	-\$0.0037	\$0.0212
Jul-19	\$1.9353	-\$0.0051	\$0.0203

		Close	Change
Crude - WTI	Mar Brent- WTI Spread \$5.58	\$63.6800	\$0.2600
Crude - Brent		\$69.2600	\$0.0600
Natural Gas		\$3.0840	\$0.1780
Gasoline		\$1.8370	\$0.0043

### EIA Natural Gas Stock Report

	05-Jan-17	29-Dec-17	Change	Year Ago
East	664	740	-76	704
Midwest	778	875	-97	873
Mountain	167	183	-16	198
Pacific	251	268	-17	265
South Central	907	1,060	-153	1,142
Salt	224	302	-78	343
Nonsalt	683	759	-76	799
Total	2,767	3,126	-359	3,182

## ICE March WTI-Brent Spread

## 8-14 Day Weather Forecast

