

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices rebounded along with global equities, which, last week, experienced their largest decline in two years. The rebound came as the dollar weakened and after OPEC raised its oil demand forecast. March WTI briefly climbed back over \$60 a barrel, but stopped short of trading above \$60.96, resistance provided by an ascending line that dates back to September. March WTI retreated from resistance at this level, paring gains to settle a \$59.29 a barrel, up 9 cents or 0.15%. Brent for April delivery slipped 20 cents, or 0.32%, to settle at \$62.59 a barrel. March RBOB fell by 1.3% to \$1.679 a gallon, while March heating oil ended at \$1.839 a gallon, down 0.9%.

Fundamental News: OPEC stated in its monthly report that world oil demand would grow faster than expected in 2018 because of a healthy world economy. It believes the global market will return to balance only towards the end of 2018, no earlier than previously expected, as higher prices encourage the US and other non-OPEC producers to pump more. OPEC said world oil demand would increase by 1.59 million bpd this year, an increase of 60,000 bpd from the previous forecast. Balancing the higher demand forecast, OPEC said the US and other non-OPEC producers would increase their production by 1.4 million bpd this year, up 250,000 bpd on the month and the third consecutive increase from 870,000 bpd in November. Non-OPEC production is estimated at 59.26 million bpd. The forecast for US crude output growth was revised upwards by 150,000 bpd from its previous estimate to average 1.3 million bpd. With outside producers expected to increase supply this year by more than the upward revision to demand, OPEC cut its estimate of the global requirement for its crude in 2018 by 230,000 bpd to 32.86 million bpd.

OPEC Secretary General, Mohammad Barkindo, said global oil demand is expected to increase by 1.6 million bpd in 2018, the same level as last year.

Reuters reported that according to market sources North Sea Forties throughput on Monday was still below planned rates following last week's outage, but that output at the largest field connected to the Forties system, the Buzzard field has returned to a normal production rate.

OPEC's President and the UAE's Energy Minister, Suhail Al Mazrouei, said increasing output of US shale will not be a distorter of efforts by oil producers to clear a glut. He said the market should rebalance this year, given high demand and producers' compliance with their pledges to cut supply.

Russia's Energy Minister, Alexander Novak, said an exit from the OPEC output cut deal may take two to five months.

The EIA reported that US crude oil production from major shale formations is expected to increase in March by 111,000 bpd from the previous month to 6.76 million bpd. The increase is largely driven by gains in the Permian and Eagle Ford formations. Production is expected to increase by 75,000 bpd in the Permian to 3 million bpd in March and production in the Eagle Ford formation is expected to increase by 18,000 bpd to 1.3 million bpd.

IIR reported Monday that it was estimating that some 1.447 million b/d of U.S. refining capacity would be offline for the week ending February 16th, decreasing by 174,000 b/d from the previous week. The research firm is currently estimating that some 1.327 million b/d of refining capacity will be offline for the week ending February 23rd.

Early Market Call - as of 9:00 AM EDT

WTI - Mar \$58.73, down 56 cents
RBOB - Mar \$1.6560, down 2.21 cents
HO - Mar \$1.8256, down 1.31 cents

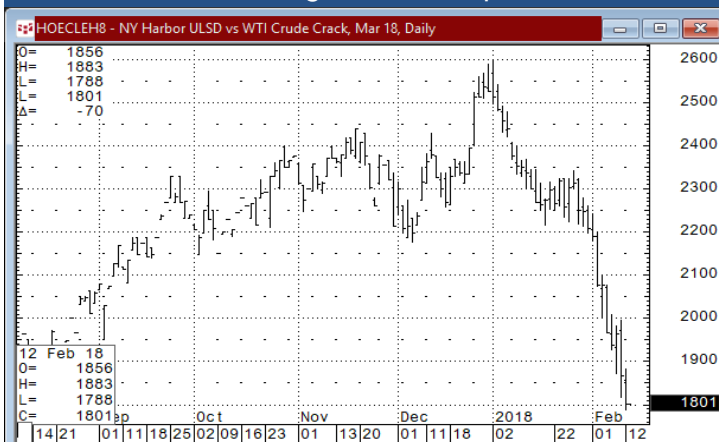
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-18	\$1.8389	-\$0.0162	-\$0.1807
Apr-18	\$1.8364	-\$0.0146	-\$0.1747
May-18	\$1.8336	-\$0.0123	-\$0.1678
Jun-18	\$1.8298	-\$0.0110	-\$0.1628
Jul-18	\$1.8296	-\$0.0096	-\$0.1582
Aug-18	\$1.8284	-\$0.0088	-\$0.1547
Sep-18	\$1.8291	-\$0.0086	-\$0.1528
Oct-18	\$1.8307	-\$0.0085	-\$0.1498
Nov-18	\$1.8319	-\$0.0084	-\$0.1478
Dec-18	\$1.8333	-\$0.0077	-\$0.1453
Jan-19	\$1.8344	-\$0.0078	-\$0.1430
Feb-19	\$1.8324	-\$0.0080	-\$0.1394
Mar-19	\$1.8262	-\$0.0078	-\$0.1332
Apr-19	\$1.8112	-\$0.0084	-\$0.1286
May-19	\$1.8038	-\$0.0098	-\$0.1233
Jun-19	\$1.8003	-\$0.0113	-\$0.1195
Jul-19	\$1.7999	-\$0.0113	-\$0.1176
Aug-19	\$1.8019	-\$0.0113	-\$0.1156

		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$3.51	\$59.0800	\$0.0900
Crude - Brent		\$62.5900	-\$0.2000
Natural Gas		\$2.5520	-\$0.0320
Gasoline		\$1.6785	-\$0.0217

ICE April WTI-Brent Spread



March Heating Oil Crack Spread



March RBOB Crack Spread

