

Market Commentary

Recap: The oil market opened 15 cents higher and quickly posted a high of \$64.08 before it started to erase its previous gains. The oil market seemed to have been pressured by the strength in the dollar, which was well supported after Federal Reserve Chairman, Jerome Powell, said the US economic outlook remains bright amid strengthening growth and inflation. The market traded in and out of positive territory before it breached its previous low of \$63.06 and sold off to a low of \$62.72. The market later bounced off its low and settled in a sideways trading range ahead of the release of the API weekly inventory report later on Tuesday afternoon and Wednesday's release of the EIA inventory report. The April crude contract settled down 90 cents at \$63.01. It settled in negative territory for the first time in four sessions. The April Brent contract settled down 87 cents at \$66.63. Meanwhile, the product markets ended in negative territory, with the heating oil market settling down 2.29 cents at \$1.963 and the RBOB market settling down 2.33 cents at \$1.8034.

Fundamental News: According to cFlow, S&P Global Platts trade flow software, distillate volumes heading to Northwest Europe and the Mediterranean from the US Gulf Coast for March arrival totaled 340,000 metric tons on Monday. Separately, it showed that gasoline flows to the US and East Coast of Canada from Northwest Europe landing in March amount to about 504,000 metric tons. This is below levels seen in February, which looks set to total 647,000 metric tons, up 20% on the month. Eight vessels likely carrying gasoline sailed from Northwest Europe in the past six days for North America.

US President, Donald Trump, met with senators and Cabinet officials on Tuesday to discuss ways to lower the cost of the country's biofuel policy to oil refiners. However, the meeting between President Trump and senators representing both the oil and corn industries failed to reach an agreement on how to best lower the cost of US biofuels policy to refiners.

The IEA reported that the US will become the world's largest oil producers in 2019, surpassing Russia. The IEA's Executive Director, Fatih Birol, said the US will overtake Russia as the biggest crude oil producer definitely next year, if not this year, as the country's shale oil boom continues to upend global markets. US crude output increased over 10 million bpd late last year for the first time since the 1970s, overtaking Saudi Arabia. The IEA's Executive Director also said he did not see US oil production peaking before 2020, and that he did not expect a decline in the next four to five years.

The market for space on Colonial Pipeline's Line 2 fell to its lowest level in more than 16 months amid continued closed distillate arbitrage from the US Gulf Coast to the Atlantic Coast.

The Bayou Bridge Pipeline connecting Bakken crude to Southeast Louisiana refineries and the Louisiana Offshore Oil Port could be stalled for months to as long as a year after a US district judge halted construction on Friday. Lawyers for the pipeline on Monday filed an appeal and asked the US Court of Appeals for the 5th Circuit in New Orleans to let the company resume construction of the pipeline while the appeal is considered. An analyst stated that the court's preliminary injunction could represent a significant delay to the project, even if the pipeline owner succeeds in the appeal.

Early Market Call - as of 9:00 AM EDT

WTI - Apr \$63.06, up 5 cents

RBOB - Mar \$1.9751, down 91 points

HO - Mar \$1.9663, down 20 points

All NYMEX | Prior Settlements

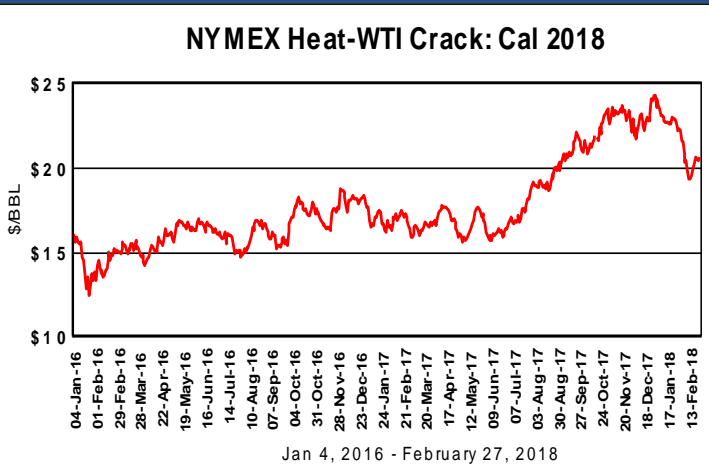
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-18	\$1.9630	-\$0.0229	\$0.0353
Apr-18	\$1.9687	-\$0.0188	\$0.0424
May-18	\$1.9673	-\$0.0171	\$0.0450
Jun-18	\$1.9617	-\$0.0156	\$0.0441
Jul-18	\$1.9583	-\$0.0151	\$0.0417
Aug-18	\$1.9559	-\$0.0146	\$0.0401
Sep-18	\$1.9556	-\$0.0142	\$0.0388
Oct-18	\$1.9553	-\$0.0140	\$0.0383
Nov-18	\$1.9546	-\$0.0139	\$0.0383
Dec-18	\$1.9531	-\$0.0139	\$0.0383
Jan-19	\$1.9523	-\$0.0139	\$0.0381
Feb-19	\$1.9485	-\$0.0139	\$0.0380
Mar-19	\$1.9385	-\$0.0142	\$0.0357
Apr-19	\$1.9196	-\$0.0142	\$0.0337
May-19	\$1.9084	-\$0.0139	\$0.0325
Jun-19	\$1.9009	-\$0.0135	\$0.0315
Jul-19	\$1.8990	-\$0.0133	\$0.0312
Aug-19	\$1.8996	-\$0.0132	\$0.0308

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$63.0100	-\$0.9000
Crude - Brent	WTI Spread	\$66.6300	-\$0.8700
Natural Gas	\$3.62	\$2.6830	-\$0.0030
Gasoline		\$1.8034	-\$0.0233

API Report for the Week Ending February 23, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Up 933,000 barrels	Up 2.1 million barrels
Cushing, OK Crude Stocks	Down 1.3 million barrels	
Gasoline Stocks	Up 1.9 million barrels	Down 200,000 barrels
Distillate Stocks	Down 1.4 million barrels	Down 200,000 barrels
Refinery Runs	Down 1.3% at 88%	Down 0.2%, 87.9%

NYMEX Cal 2018 Heating Oil Crack Spread



8-14 Day Weather Forecast

