

## Market Commentary

**Recap:** Rising U.S. production continued to pressure oil prices, pushing both blends to their lowest level in six weeks and their fifth straight session of losses. After a brief stint above unchanged, March WTI slipped as much as 1.1%, while Brent slipped 1.2%. An attempt to sever losses was followed by a sharp decline below \$61 a barrel, holding until a spurt of short covering pushed March WTI back above \$61. A period of uncertainty ensued, with this spot contract holding within a 32 cent range for most of the afternoon session until a post settlement sell off pushed prices to fresh session lows. March WTI settled at \$61.15 a barrel, down 64 cents, or 1.04%, while April Brent fell 70 cents, or 1.07%, settling at \$64.81 a barrel. March RBOB fell less than 0.1%, settling at \$1.765 a gallon, while March heating oil lost 0.5%, to settle at \$1.921 a gallon.

**Fundamental News:** Oil and natural gas flows along Britain's Forties pipeline were increasing slowly on Thursday as the system restarted after its second unplanned outage in two months. The pipeline was shut on Wednesday, causing a brief increase in oil price and raising concern about the reliability of ageing North Sea infrastructure. A spokesman for Ineos said oil and gas had begun flowing again. The shutdown was caused by the closing of a feed control valve at the company's Kinneil gas processing plant. Output at Buzzard has restarted and is at about 95,000 bpd, less than the normal rate of about 150,000 bpd. The pipeline normally handles some 445,000 b/d of crude oil.

Mexico's Energy Secretary, Pedro Joaquin Coldwell, said that Mexico will not impose oil sanctions on Venezuela, adding that it is worried about the potential impact of such measures on Venezuela and on the Caribbean. However, he reiterated that Mexico was taking part in a working group along with Canada and the US to evaluate the impact of any US sanctions on Venezuelan oil.

PJK International reported Thursday that oil product stocks held in the Amsterdam-Rotterdam-Antwerp hub rose on the week to 6.104 million tonnes, the highest level since mid-May 2017. Gasoline stocks showed the biggest change, rising 10% to 1.159 million tonnes due to increased deliveries from Germany. Gasoil stocks rose by 70,000 tonnes to 3.082 million tonnes, some 88,000 tonnes less than levels recorded a year ago.

Genscape reported Thursday morning that it estimated crude oil stocks held in Cushing, OK on February 6<sup>th</sup> fell by some 1.479 million barrels from February 2<sup>nd</sup> and dropped by 1.212 million barrels from January 30<sup>th</sup> levels.

China's General Administration of Customs reported that the country's crude oil imports increased by 20% to 40.64 million tons or 9.57 million bpd in January.

Iran's deputy foreign minister said Thursday the United States and its European allies should ensure the 2015 nuclear deal is a success before demanding to negotiate on other issues such as Tehran's regional activities or ballistic missile program. He noted that the Trump administration's policy toward Iran was "destructive" and violated the terms of the accord with world powers.

Russia's Gazprom Neft said that cooperation with OPEC producers on cutting oil production could last until the first half of 2019.

Venezuela's PDVSA has resumed crude imports for its 335,000 bpd Isla refinery in Curacao after a seven month halt. The increased activity at the refinery comes as more suppliers are accepting oil swaps as a solution to the company's lack of dollars.

**Early Market Call - as of 9:19 AM EDT**

WTI - Mar \$60.47 down 68 cents  
 RBOB - Mar \$1.7400 down 2.50 cents  
 HO - Mar \$1.8934 down 2.79 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-18	\$1.9213	-\$0.0100	-\$0.1691
Apr-18	\$1.9164	-\$0.0113	-\$0.1619
May-18	\$1.9092	-\$0.0117	-\$0.1551
Jun-18	\$1.9014	-\$0.0117	-\$0.1504
Jul-18	\$1.8983	-\$0.0107	-\$0.1466
Aug-18	\$1.8953	-\$0.0096	-\$0.1431
Sep-18	\$1.8952	-\$0.0093	-\$0.1400
Oct-18	\$1.8960	-\$0.0091	-\$0.1357
Nov-18	\$1.8968	-\$0.0093	-\$0.1327
Dec-18	\$1.8972	-\$0.0094	-\$0.1303
Jan-19	\$1.8975	-\$0.0093	-\$0.1277
Feb-19	\$1.8932	-\$0.0091	-\$0.1255
Mar-19	\$1.8846	-\$0.0087	-\$0.1201
Apr-19	\$1.8684	-\$0.0079	-\$0.1158
May-19	\$1.8603	-\$0.0050	-\$0.1107
Jun-19	\$1.8570	-\$0.0026	-\$0.1060
Jul-19	\$1.8563	-\$0.0021	-\$0.1034
Aug-19	\$1.8578	-\$0.0018	-\$0.1004

		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$3.87	\$60.9400	-\$0.6100
Crude - Brent		\$64.8100	-\$0.7000
Natural Gas		\$2.6970	-\$0.0050
Gasoline		\$1.7650	-\$0.0010

## EIA Natural Gas Storage Report

	02-Feb-17	26-Jan-17	Change	Year Ago
East	488	525	-37	527
Midwest	543	596	-53	691
Mountain	131	137	-6	156
Pacific	213	220	-7	210
South Central	703	719	-16	996
Salt	84	169	-85	338
Nonsalt	518	550	-32	659
Total	2,078	2,197	-119	2,581

## ICE April WTI-Brent Spread



## 8-14 Day Weather Forecast

