

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices continued their upward route on Monday, rising to a three-week high, supported by OPEC's commitment to output cuts, supply disruptions in Libya and by strong U.S. demand. April WTI rose to a high of \$64.24 before severing gains for a settlement of \$63.91 a barrel, up 36 cents, or 0.57%. April Brent topped the session at \$67.90 a barrel before trimming gains for a settlement at \$67.50 a barrel, up 19 cents, or 0.28%.

March RBOB rose 1.85 cents to settle at \$1.827 a gallon, while heating oil climbed 1.65 cents to settle at \$1.9859 a gallon.

Fundamental News: Saudi Arabia's Oil Minister, Khalid Al-Falih, said OPEC and its allies including Russia may next year ease the crude output cuts that have helped prices recover. He said that with the market moving towards equilibrium and inventories falling, the next step for global producers will be to phase out the reductions.

Libya's El Sharara field, which is producing 308,000 bpd, was not impacted by the closure of the El Feel oil field. The El Sharara field is still suffering from security threats including theft and abduction but had been able to maintain production despite budget constraints and maintenance work. Libya's NOC said crude loadings at Mellitah will be affected after force majeure was declared on deliveries from the deposit on February 23rd.

Mexico's Pemex increased its oil production in January by 3% on the month to 1.929 million bpd. However it fell by 4.5% on the year. Pemex said its additional production came from offshore fields, where total output increased to 1.593 million bpd in January, 54,000 bpd more than in December but down 2% from a year ago. For 2018, Pemex aims to increase its annual average production to 1.955 million bpd. Pemex's total refined products output recovered in January to 727,800 bpd, up 4.67% on the month. However it is down 31.5% on the year.

A plan to truck oil from Iraq's northern Kirkuk fields to Iran cannot be fully implemented at this stage due to security concerns. Iraq and Iran have agreed to swap up to 60,000 bpd of crude produced from Kirkuk for Iranian crude to be delivered to southern Iraq. About 30,000 bpd of crude is expected to be trucked to Iran's Kermanshah refinery in the first instance.

China's General Administration of Customs reported that the country's crude oil imports from the US reached a new record high of 2.01 million tons or 474,450 bpd in January.

Barclays forecast a 2018 Brent price of \$60/barrel and a WTI price of \$55/barrel, unchanged from a previous forecast. It expects backwardation in Brent and WTI futures curves to subside later this year. It sees a significant risk of market correction in the second half of 2018 due to builds in inventories. It also stated that the OPEC and non-OPEC declaration of cooperation policy is unlikely to be as price stabilizing in the coming year as it was in 2017.

IIR reported that US oil refiners are expected to shut in 1,141 million bpd of capacity in the week ending March 2nd, increasing available capacity by 349,000 bpd from the previous week. IIR expects offline capacity to fall to 996,000 bpd in the week ending March 9th.

Early Market Call - as of 9:00 AM EDT

WTI - Apr \$63.68, down 23 cents

RBOB - Mar \$1.9959, down 66 points

HO - Mar \$1.9842, down 34 points

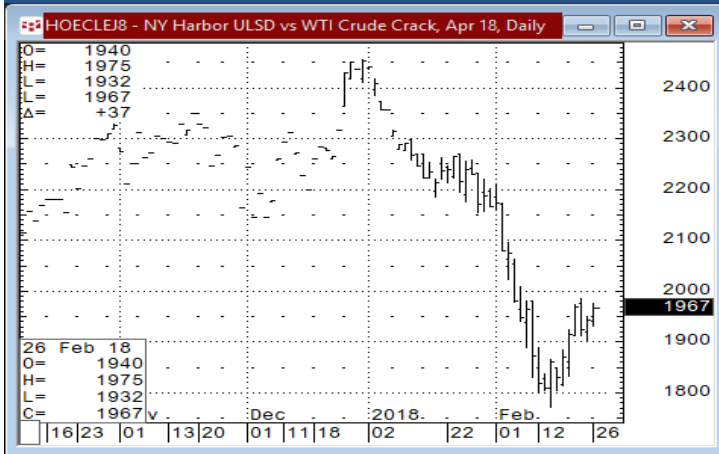
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-18	\$1.9859	\$0.0165	\$0.0755
Apr-18	\$1.9875	\$0.0149	\$0.0791
May-18	\$1.9844	\$0.0141	\$0.0801
Jun-18	\$1.9773	\$0.0116	\$0.0781
Jul-18	\$1.9734	\$0.0106	\$0.0762
Aug-18	\$1.9705	\$0.0103	\$0.0755
Sep-18	\$1.9698	\$0.0101	\$0.0749
Oct-18	\$1.9693	\$0.0102	\$0.0747
Nov-18	\$1.9685	\$0.0106	\$0.0746
Dec-18	\$1.9670	\$0.0109	\$0.0743
Jan-19	\$1.9662	\$0.0110	\$0.0740
Feb-19	\$1.9624	\$0.0111	\$0.0739
Mar-19	\$1.9527	\$0.0111	\$0.0716
Apr-19	\$1.9338	\$0.0111	\$0.0696
May-19	\$1.9223	\$0.0110	\$0.0672
Jun-19	\$1.9144	\$0.0108	\$0.0646
Jul-19	\$1.9123	\$0.0108	\$0.0638
Aug-19	\$1.9128	\$0.0108	\$0.0625

		Close	Change
Crude - WTI	Apr Brent-	\$63.9100	\$0.3600
Crude - Brent	WTI Spread	\$67.5000	\$0.1900
Natural Gas	\$3.59	\$2.6390	\$0.0140
Gasoline		\$1.8267	\$0.0182

ICE April WTI-Brent Spread



April Heating Oil Crack Spread



April RBOB Crack Spread

