

Market Commentary

All NYMEX | Prior Settlements

Recap: Citing ever mounting U.S. shale production, the IEA raised its forecast for non-OPEC production, which in turn put pressure on oil prices early in the session. March WTI fell as much as 1.5%, while April Brent dipped as much as 1.3% during the trading session. Weakness in the dollar sparked a rebound in oil, which took prices back above unchanged. Prices experienced a mixed close, with March WTI settling at \$59.19 a barrel, down 10 cents, or 0.17%, while April Brent closed up 13 cents, or 0.21%, settling at \$62.72 a barrel.

March RBOB rose 0.4% to settle at \$1.6853 a gallon, while March heating oil fell 0.1% to \$1.8369 a gallon.

Fundamental News: The IEA stated that the rise in global oil production, led by the US, is likely to outpace growth in demand this year. The IEA raised its forecast for oil demand growth in 2018 to 1.4 million bpd, from a previous forecast of 1.3 million bpd, after the IMF increased its estimate of global economic growth for this year and next. Oil demand grew at a rate of 1.6 million bpd in 2017. It also stated that non-OPEC oil supply, led by the US, will likely increase more than demand in 2018. It raised its estimate of US oil output growth to 1.52 million bpd, estimating average US production of 14.72 million bpd in 2018. It sees non-OPEC oil supply at 59.9 million bpd in 2018 compared with 58.2 million bpd in 2017. The IEA said OECD oil inventories fell by 55.6 million barrels in December to 2.851 billion barrels, the largest one month decline since February 2011.

According to Bloomberg, crude oil stocks held in Cushing, Oklahoma fell by 1.7 million barrels in the week ending February 9th to 34.6 million barrels.

The Trump administration on Monday again proposed selling off the 1 million barrel Northeast Gasoline Supply Reserve, calling it unnecessary and costly to operate. In a proposed fiscal 2019 budget President Donald Trump sent to Congress, the administration proposes to disestablish the gasoline reserve. The Obama administration set up the reserve following the gasoline shortages caused by Hurricane Sandy in 2012. It currently holds 700,000 barrels in New York Harbor, 200,000 barrels in Boston and 100,000 barrels in South Portland, Maine.

Distillate volumes heading to Northwest Europe and the Mediterranean from the US Gulf Coast for February arrival totaled 630,000 metric tons on Monday, according to data from cFlow, S&P Global Platts trade flow software.

OPEC's Secretary General, Mohammad Barkindo, said he has President Vladimir Putin's word that Russia will not flood the oil markets. He said he received assurances from both Russia's Energy Minister, Alexander Novak, and President Putin that they would remain committed to the OPEC and non-OPEC collaboration under the declaration of cooperation.

Russia's Energy Minister, Alexander Novak, said global oil stockpiles, the benchmark for a global supply agreement, have been on the decline despite a production increase in the US. He stated that OPEC and non-OPEC producers need to act cautiously and avoid knee-jerk reactions in respect of new decisions. Russia's Energy Minister said Russia wants to build a long-term relationship with Saudi Arabia and the broad OPEC alliance once their pact to cut oil production expires. He also stated that the average oil price for this year is expected to be close to \$60/barrel.

Iraq's Oil Minister, Jabbar Al-Luaibi, said there is no current discussion over exiting the supply cut agreement.

Early Market Call - as of 9:00 AM EDT

WTI - Mar \$58.47, down 72 cents

RBOB - Mar \$1.6594, down 2.59 cents

HO - Mar \$1.8130, down 2.37 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-18	\$1.8369	-\$0.0020	-\$0.1482
Apr-18	\$1.8364	\$0.0000	-\$0.1409
May-18	\$1.8348	\$0.0012	-\$0.1330
Jun-18	\$1.8323	\$0.0025	-\$0.1266
Jul-18	\$1.8329	\$0.0033	-\$0.1210
Aug-18	\$1.8328	\$0.0044	-\$0.1164
Sep-18	\$1.8341	\$0.0050	-\$0.1141
Oct-18	\$1.8358	\$0.0051	-\$0.1115
Nov-18	\$1.8370	\$0.0051	-\$0.1101
Dec-18	\$1.8378	\$0.0045	-\$0.1091
Jan-19	\$1.8388	\$0.0044	-\$0.1073
Feb-19	\$1.8366	\$0.0042	-\$0.1042
Mar-19	\$1.8309	\$0.0047	-\$0.0986
Apr-19	\$1.8161	\$0.0049	-\$0.0944
May-19	\$1.8084	\$0.0046	-\$0.0902
Jun-19	\$1.8050	\$0.0047	-\$0.0874
Jul-19	\$1.8051	\$0.0052	-\$0.0850
Aug-19	\$1.8076	\$0.0057	-\$0.0826

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$59.0300	-\$0.0500
Crude - Brent	WTI Spread	\$62.7200	\$0.1300
Natural Gas	\$3.69	\$2.5940	\$0.0420
Gasoline		\$1.6853	\$0.0068

API Report for the Week Ending February 9, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Up 3.9 million barrels	Up 3 million barrels
Cushing, OK Crude Stocks	Down 2.3 million barrels	Down 1.7 million barrels
Gasoline Stocks	Up 4.6 million barrels	Up 1.5 million barrels
Distillate Stocks	Up 1.1 million barrels	Down 1 million barrels
Refinery Runs	Down 462,000 bpd	Down 1.5%, 91%

NYMEX Cal 2018 Heating Oil Crack Spread

8-14 Day Weather Forecast

