

Market Commentary

Recap: Oil prices fell as much as 1.6% on Tuesday, dragged lower by weakness in global stocks. Brent fell to a five week low, while WTI settled below \$63.67, the bottom of an area of congestion. Gains were slightly pared, with WTI settling at \$63.39 a barrel, down 76 cents, or 1.18%, while April Brent fell 76 cents, or 1.18%, to settle at \$66.86 a barrel. All-in-all, crude oil prices remain on the plus side for the year.

March RBOB fell 2.2% to \$1.805 a gallon, while March heating oil lost 1.7% to \$1.985 a gallon.

Fundamental News: Bloomberg reported that crude stocks held in Cushing, Oklahoma fell by 2 million barrels to 35 million barrels in the week ending February 2nd.

In its Short-Term Energy Outlook, the EIA raised its 2018 world oil demand growth forecast by 10,000 bpd to 1.73 million bpd. World oil demand in 2018 is estimated to total 100.23 million bpd. It also raised its oil demand growth estimate for 2019 by 70,000 bpd to 1.72 million bpd. World oil demand in 2019 is estimated at 101.95 million bpd. The EIA reported that OPEC production in 2018 is expected to fall by 20,000 bpd to 32.43 million bpd but increase by 270,000 bpd to 32.7 million bpd in 2019. Non-OPEC supply is expected to increase by 2.35 million bpd to 61.04 million bpd in 2018 and by 1.27 million bpd to 62.31 million bpd in 2019. The EIA reported that US petroleum demand in 2018 is expected to increase by 450,000 barrels to 20.33 million barrels and by 350,000 bpd to 20.68 million bpd in 2019. US gasoline demand in 2018 is expected to increase by 40,000 bpd to 9.33 million bpd while demand in 2019 is expected to increase by 70,000 bpd to 9.4 million bpd. Distillate demand is estimated to increase by 110,000 bpd to 4.06 million bpd in 2018 and by 30,000 bpd to 4.09 million bpd in 2019. US crude oil production in 2018 is expected to increase by 1.26 million bpd to 10.59 million bpd and by 590,000 bpd to 11.18 million bpd in 2019. The EIA forecast Brent spot prices will average about \$62/barrel in both 2018 and 2019 compared with an average of \$54/barrel in 2017. The EIA expects WTI crude prices to average \$4/barrel lower than Brent prices in both 2018 and 2019.

According to the US Census Bureau, US crude oil exports in December fell to 1.515 million bpd from 1.534 million bpd in November.

Customs data showed that preliminary US waterborne crude imports fell by 401,700 bpd to 4.2 million bpd in the week ending February 1st.

Genscape reported that Canadian crude-by-rail loadings fell for four consecutive weeks to 90,000 bpd during the period from January 5th to January 26th. It is down from 117,000 bpd in the previous four week period.

US Secretary of State, Rex Tillerson said the US is considering a ban on oil imports from Venezuela and exports of petroleum products but is wary of the damage to American companies. If the US bans oil imports from Venezuela, Valero Energy and Chevron may be impacted.

China Petroleum and Chemical Industry Federation reported that the country's apparent crude oil demand may grow by 5% in 2018 to 630 million tons.

Kuwait's Oil Minister, Bakheet Al-Rashidi, said Kuwait's oil output capacity will be 3.225 million bpd by the end of March. He said the country's oil exports are at 2.1 million bpd and supply is about 2.7 million bpd as per the OPEC output cut agreement.

Early Market Call - as of 9:00 AM EDT

WTI - Mar \$63.58, up 21 cents
 RBOB - Mar \$1.8180, up 1.28 cents
 HO - Mar \$1.9825, down 32 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-18	\$1.9851	-\$0.0345	-\$0.0820
Mar-18	\$1.9773	-\$0.0338	-\$0.0752
Apr-18	\$1.9678	-\$0.0336	-\$0.0680
May-18	\$1.9589	-\$0.0337	-\$0.0641
Jun-18	\$1.9539	-\$0.0339	-\$0.0629
Jul-18	\$1.9492	-\$0.0339	-\$0.0617
Aug-18	\$1.9482	-\$0.0337	-\$0.0599
Sep-18	\$1.9473	-\$0.0332	-\$0.0579
Oct-18	\$1.9471	-\$0.0326	-\$0.0569
Nov-18	\$1.9469	-\$0.0317	-\$0.0562
Dec-18	\$1.9461	-\$0.0313	-\$0.0560
Jan-19	\$1.9408	-\$0.0310	-\$0.0558
Feb-19	\$1.9295	-\$0.0299	-\$0.0530
Mar-19	\$1.9105	-\$0.0293	-\$0.0517
Apr-19	\$1.8986	-\$0.0285	-\$0.0502
May-19	\$1.8924	-\$0.0274	-\$0.0482
Jun-19	\$1.8901	-\$0.0274	-\$0.0474
Jul-19	\$1.8902	-\$0.0273	-\$0.0460

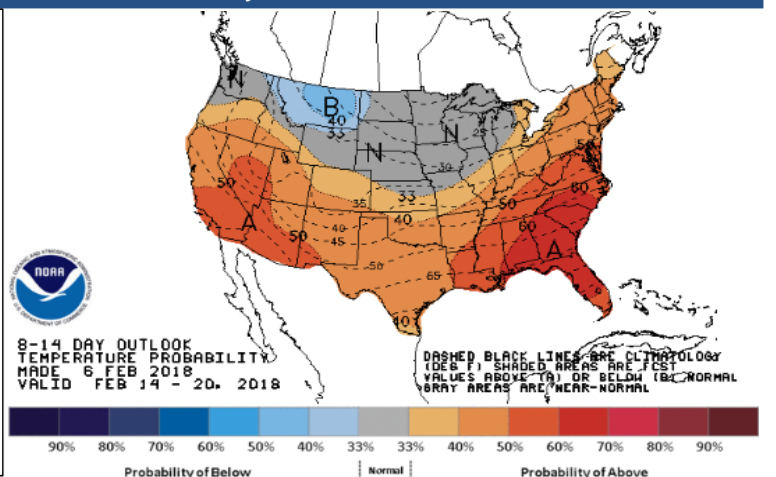
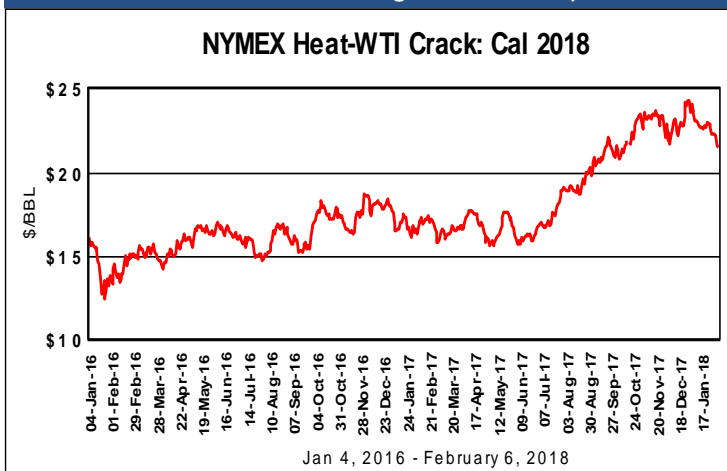
Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$63.1100	-\$0.7200
Crude - Brent	WTI Spread	\$66.8600	-\$0.7600
Natural Gas	\$3.75	\$2.7590	\$0.0120
Gasoline		\$1.8052	-\$0.0414

API Report for the Week Ending February 2, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Down 1.05 million barrels	Up 2.8/3.2 million barrels
Cushing, OK Crude Stocks	Down 633,000 barrels	Down 2 million barrels
Gasoline Stocks	Down 227,000 barrels	Up 200,000/500,000 barrels
Distillate Stocks	Up 4.552 million barrels	Down 800,000/1.4 million barrels
Refinery Runs	Up 706,000 bpd	Down 0.3%, 87.7%

NYMEX Cal 2018 Heating Oil Crack Spread

8-14 Day Weather Forecast



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