

## Market Commentary

**Recap:** Oil futures jumped more than 2% in reaction to the U.S. fired missiles at a Syrian government airbase in overnight trading. Trading was chaotic as May WTI peaked the session at \$52.94, but by sunrise on the east coast, the market retraced itself and fell into negative territory, pressured by strength in the dollar. Just as it struggled to maintain earlier gains, oil futures struggled to the downside as well, rising back above unchanged. May WTI settled above \$52.24 a barrel, up 54 cents, or 1.04%, while Brent for June delivery gained 35 cents, or 0.64%, to settle at \$55.24.

The Dec17/Dec18 WTI spread we had last written about on March 27<sup>th</sup>, traded at its widest backwardation (front month premium) since February 27<sup>th</sup>, having peaked on Friday at 82 cents. This puts this spread in range of testing the post OPEC output agreement high of \$1.09. A break above \$1.09 allows for a run at \$1.25, the highest this spread has traded since 2014.

May RBOB rose 1.66 cents, or 1%, to close at \$1.7462 a gallon, its highest since August 2015. For the week, gasoline rose 2.5%. May heating oil rose 1.55 cents, or 1%, to \$1.6284 a gallon, its highest close since Feb. 27. For the week, heating oil gained 3.4%.

**Fundamental News:** The Trump administration is developing at least one order aimed at both a new five-year offshore oil and natural gas leasing plan and reversing an Obama administration decision to bar drilling in the majority of the US Arctic waters and a large portion of its Atlantic waters.

Baker Hughes reported that the number of rigs searching for oil in the week ending April 7<sup>th</sup> increased by 10 to 672.

According to Oil Movements, OPEC's shipments are expected to fall by 120,000 bpd to 23.9 million bpd in the four weeks ending April 22<sup>nd</sup> compared with the previous period ending March 25<sup>th</sup>.

Russia's Prime Minister, Dmitry Medvedev, said on Friday that US cruise missile strikes on a Syrian airbase were "one step away from clashing with the Russian military."

Russia's Energy Minister, Alexander Novak, said it was premature to say if the OPEC/non-OPEC agreement to cut production should be extended into the second half of the year. Meanwhile, Russia's Deputy Energy Minister, Kirill Molodtsov, said the country's daily oil production was under 1.5 million tons or 10.995 million bpd at the beginning of April.

Russia's Deputy Prime Minister, Arkady Dvorkovich, said the country's deal with OPEC to cut production has not delivered as much as the country expected. Russia pledged to cut output to 10.947 million bpd by the end of April, down 300,000 barrels from the record level it had in October.

Crude production data for March indicates that Russia and Kazakhstan are yet to meet their output cut obligations under the OPEC/non-OPEC agreement while Azerbaijan exceeded its promised cut last month. Assuming there is no major shift in production from February, calculations by S&P Global Platts show that the three former Soviet states met their combined obligations by about 73% for March.

Three tankers holding about 1.35 million barrels of gasoline and alkylate are drifting with no instructions for delivery around the Caribbean Isles.

IIR reported that US oil refiners are expected to shut in 940,000 bpd of capacity in the week ending April 7<sup>th</sup>, increasing available refining capacity by 79,000 bpd from the previous week. IIR expects offline capacity to fall to 763,000 bpd in the week ending April 14<sup>th</sup> and to 614,000 bpd in the following week.

**Early Market Call - as of 9:00 AM EDT**

WTI - May \$52.81, up 57 cents

RBOB - May \$1.7540, up 87 points

HO - May \$1.6414, up 1.28 cents

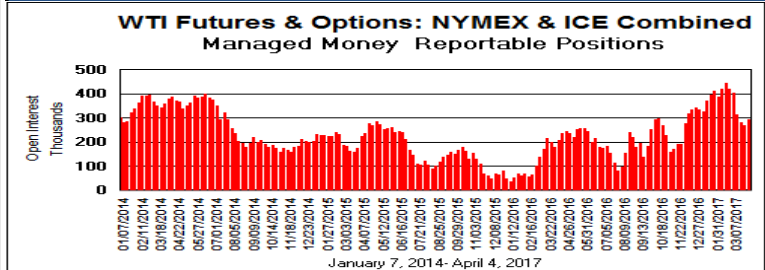
## All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-17	\$1.6284	\$0.0155	0.0538
Jun-17	\$1.6344	\$0.0145	0.0535
Jul-17	\$1.6416	\$0.0132	0.0530
Aug-17	\$1.6498	\$0.0124	0.0528
Sep-17	\$1.6598	\$0.0119	0.0519
Oct-17	\$1.6700	\$0.0114	0.0516
Nov-17	\$1.6797	\$0.0111	0.0520
Dec-17	\$1.6878	\$0.0110	0.0524
Jan-18	\$1.6964	\$0.0111	0.0531
Feb-18	\$1.7001	\$0.0110	0.0536
Mar-18	\$1.6977	\$0.0109	0.0537
Apr-18	\$1.6883	\$0.0108	0.0533
May-18	\$1.6803	\$0.0108	0.0525
Jun-18	\$1.6761	\$0.0110	0.0513
Jul-18	\$1.6766	\$0.0110	0.0506
Aug-18	\$1.6794	\$0.0110	0.0506

**Sprague HeatCurve Oct 2017-April 2018\*** \$1.6913

\* Degree Day weighted NYMEX strip (no differentials)

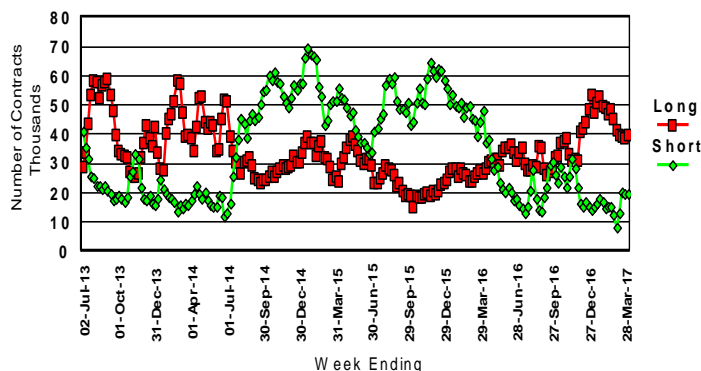
Other Front Month NYMEX		Close	Change
Crude - WTI	June Brent-WTI Spread \$2.60	\$52.6400	\$0.5100
Crude - Brent		\$55.2400	\$0.3500
Natural Gas		\$3.2610	-\$0.0070
Gasoline		\$1.7462	\$0.0166



## The Commitment of Traders Report for the Week Ending April 4th

### Managed Money Heat Positons

CFTC Commitment of Traders Report



### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report

