

Market Commentary

Recap: The oil market continued to trend higher on Wednesday morning in follow through strength seen on Tuesday. The market remained supported by the reports that Saudi Arabia favored extending the OPEC output cut agreement beyond its initial six-month term. The market rallied to a high of \$53.76 in early morning trading before it retraced some of its gains ahead of the release of the EIA's weekly petroleum stock report. The market was initially supported by the report, which showed an unexpected draw in crude stocks of 2.166 million barrels on the week and larger than expected draws in heating oil and gasoline stocks. However, the crude market gave up any of its gains and sold off in light of the report showing that US crude production continued to increase. The report showed that US producers increased their output by 36,000 bpd last week, the eighth consecutive increase in production. The market traded down to a low of \$52.98, where it found some support ahead of the close. The May WTI contract settled down 29 cents at \$53.11. It later continued to sell off and posted a new low of \$52.80. The June Brent contract settled down 37 cents at \$55.86. Meanwhile, the heating oil market settled up 14 points at \$1.6520 while the RBOB market settled down 1.6 cents at \$1.7417.

Fundamental News: OPEC stated that it cut its output in March by more than it pledged under the output cut agreement and added that oil inventories had fallen in February, suggesting that its effort to cut the oversupply is succeeding. OPEC's total oil production in March fell by 153,000 bpd on the month to 31.928 million bpd. OPEC's 11 members with supply targets cut output to 29.761 million bpd in March, below its 29.804 million bpd target. However, OPEC raised its forecast for supplies from non-OPEC producers in 2017 as higher oil prices encourage US shale drillers to produce more.

Iraq and the UAE produced more crude in March than they agreed to produce under the OPEC output cut agreement. Iraq's output totaled 4.4 million bpd while the UAE's output totaled 2.895 million bpd. Iraq had committed to cut supplies to 4.35 million bpd while the UAE's target is 2.87 million bpd. Algeria, Ecuador and Gabon also produced more than allowed by the accord.

Russia's Energy Minister, Alexander Novak, said Russia will cut its crude oil production by 300,000 bpd by the end of April. He plans to meet Russian oil companies in late April to discuss the situation on the global oil market.

Azerbaijan's Energy Ministry stated that the country will not attend the monitoring committee meeting between OPEC and non-OPEC oil producing countries in April as the country has not been invited.

Saudi Aramco is said to have given full contractual supply to Asian customers for May. In April, Saudi Aramco cut heavier crude over light supplies for some Asian buyers.

A former Saudi Energy Ministry official, Ibrahim al-Muhanna, said oil prices at around \$60/barrel in the next three years and increasing to \$70 to \$80/barrel in the next decade would rebalance the market.

Libya's National Oil Corp has lifted the force majeure on the Wafa oilfield after its closed oil and gas pipelines were reopened. The oilfield resumed operations after the reopening of a pipeline to the Mellitah processing complex.

IIR reported that US oil refiners are expected to shut in 732,000 bpd of capacity in the week ending April 14th, increasing the available refining capacity by 284,000 bpd from the previous week. IIR expects offline capacity to fall to 586,000 bpd in the week ending April 21st.

Early Market Call - as of 9:00 AM EDT

WTI - May \$53.26, up 15 cents

RBOB - May \$1.7389, down 29 points

HO - May \$1.6548, up 30 points

All NYMEX | Prior Settlements

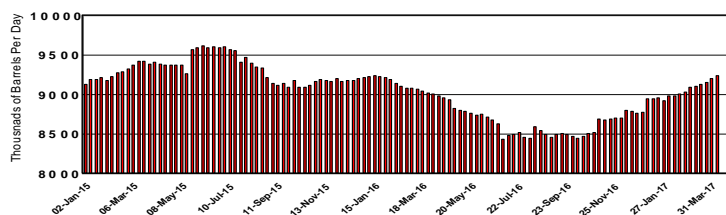
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-17	\$1.6520	\$0.0014	0.0485
Jun-17	\$1.6597	\$0.0010	0.0492
Jul-17	\$1.6680	\$0.0009	0.0494
Aug-17	\$1.6769	\$0.0007	0.0501
Sep-17	\$1.6877	\$0.0007	0.0510
Oct-17	\$1.6981	\$0.0007	0.0512
Nov-17	\$1.7079	\$0.0007	0.0516
Dec-17	\$1.7167	\$0.0008	0.0527
Jan-18	\$1.7254	\$0.0007	0.0533
Feb-18	\$1.7292	\$0.0008	0.0535
Mar-18	\$1.7266	\$0.0008	0.0531
Apr-18	\$1.7172	\$0.0008	0.0527
May-18	\$1.7097	\$0.0014	0.0528
Jun-18	\$1.7050	\$0.0013	0.0518
Jul-18	\$1.7053	\$0.0014	0.0513
Aug-18	\$1.7080	\$0.0016	0.0512

Sprague HeatCurve Oct 2017-April 2018* \$1.7201

* Degree Day weighted NYMEX strip (no differentials)

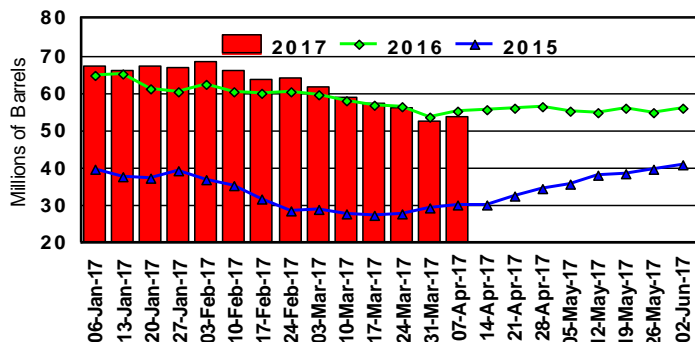
Other Front Month NYMEX		Close	Change
Crude - WTI	June Brent-WTI Spread	\$53.5200	-\$0.2700
Crude - Brent		\$55.8600	-\$0.3700
Natural Gas	\$2.34	\$3.1870	\$0.0370
Gasoline		\$1.7417	-\$0.0160

U.S. Domestic Crude Production
Source: EIA Weekly Status Report



EIA Weekly Petroleum Report for the Week Ending April 7th

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 2.17 million barrels
Cushing, OK Crude Stocks Up 276,000 barrels
Gasoline Stocks Down 2.97 million barrels
Distillate Stocks Down 2.15 million barrels
Refinery % Operated 91.0%, Up 0.2%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Apr 7, 2017	Week Ending Mar 31, 2017	Week Ending Apr 8, 2016
New England	8.0	8.5	9.9
Central Atlantic	32.1	32.5	31.0
Total PADD #1	53.4	52.5	55.2
Distillate Imports (thousands b/d)	118	131	175