

## Market Commentary

**Recap:** Brent fell to its lowest level in 11 days, while WTI hit an 8 day low after the EIA reported a 1.5 million barrel increase in gasoline inventories, as opposed to the expected 1.9 million barrel decrease. Oil futures fell despite the 1 million barrel fall in crude oil inventories, which was smaller than the expected 1.5 million barrel draw. May WTI fell as much as 4.4% in a late session sell-off, while June Brent slipped as much as 4.2% prior to settlement. May WTI settled at \$50.44 a barrel, down \$1.97, or 3.76% and June Brent settled at \$52.93 a barrel, down \$1.96, or 3.57%.

June WTI, the soon to be spot contract, settled just above the 30-day moving average of \$50.77, making this Thursday's target. With moving oscillators set in overbought territory and pointing to the downside, we would look for a test at the aforementioned average and for a run at \$50.35.

May RBOB fell 5.2 cents, or 3.04%, to \$1.6590 a gallon, while May heating oil lost 4.06 cents, or 2.5%, to \$1.5813 a gallon.

**Fundamental News:** The EIA reported that US distillate fuel oil stocks fell to the lowest level in the week ending April 14<sup>th</sup> since November 2015. Distillate stocks fell by about 2 million barrels to 148.3 million barrels. Distillate stocks in the East Coast fell by 1.5 million barrels to 51.9 million barrels, the lowest level since July 2015.

The Renewable Fuels Association said blending of ethanol in US gasoline increased over a key level of about 10% in 2016. The average content of ethanol in finished gasoline totaled 10.04% in 2016. Higher ethanol blends including E15, which has about 15% biofuel content, contributed to the increase.

The EPA said it would reconsider a rule on emissions from oil and gas operations and delay its implementation. It said it would delay the rule's compliance date, which had been June 3<sup>rd</sup>, for 90 days, as the agency takes public comments.

OPEC's Secretary General, Mohammed Barkindo, said oil producing nations are moving closer towards ending a global oversupply and rebalancing the market. He said OPEC will decide next month at its meeting on May 25<sup>th</sup> whether to extend its cuts in output beyond June. He would not say whether the agreement will be extended for another six months, but added that any decision taken would be in the interest of all producing and consuming countries. He added that OPEC and other producers are committed to reducing their stockpiles to the industry's five year average and all countries participating in the six month deal to pare output are committed to restoring the market's stability. He also stated that OPEC is hoping to attract other non-OPEC producers in its effort to manage the oil market.

Kuwait's Oil Minister, Issam Almarzoq, said Iran will probably be allowed to keep its oil production unchanged if OPEC decides to extend its six month agreement on output cuts beyond June.

The UAE's Energy Minister, Suhail Al-Mazrouei, said a long time is needed for oil inventories to fall. He said the UAE is satisfied with producers' commitment to cutting output. He also stated that the UAE is already fully compliant with its quota under the OPEC and non-OPEC agreement and could cut its production further in the month ahead. The UAE cut its output in March by more than 200,000 bpd from the benchmark October level that the deal is based on. He said over six months, the UAE will cut its output by at least 140,000 bpd and may reduce its production even further.

Sources stated that OPEC plans to meet with non-OPEC producers on the same day as its scheduled May 25<sup>th</sup> conference.

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

WTI - May \$ 50.53 up 9 cents

RBOB - May \$ 1.6681 up 91 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-17	\$1.5813	(\$0.0406)	-0.0707
Jun-17	\$1.5892	(\$0.0419)	-0.0705
Jul-17	\$1.5979	(\$0.0428)	-0.0701
Aug-17	\$1.6071	(\$0.0436)	-0.0698
Sep-17	\$1.6181	(\$0.0443)	-0.0696
Oct-17	\$1.6293	(\$0.0445)	-0.0688
Nov-17	\$1.6405	(\$0.0444)	-0.0674
Dec-17	\$1.6498	(\$0.0445)	-0.0669
Jan-18	\$1.6595	(\$0.0445)	-0.0659
Feb-18	\$1.6645	(\$0.0444)	-0.0647
Mar-18	\$1.6632	(\$0.0443)	-0.0634
Apr-18	\$1.6548	(\$0.0439)	-0.0624
May-18	\$1.6498	(\$0.0430)	-0.0599
Jun-18	\$1.6472	(\$0.0423)	-0.0578
Jul-18	\$1.6483	(\$0.0417)	-0.057
Aug-18	\$1.6515	(\$0.0414)	-0.0565

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

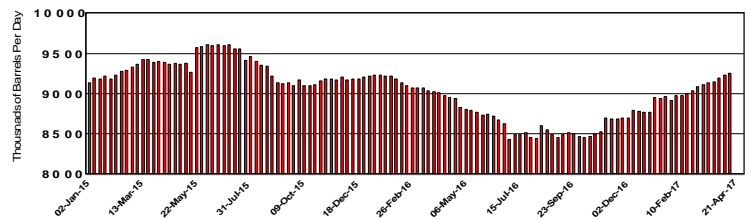
**\$1.6545**

\* Degree Day weighted NYMEX strip (no differentials)

Other Front Month NYMEX		Close	Change
Crude - WTI	June Brent- WTI Spread	\$50.8500	-\$2.0000
Crude - Brent		\$52.9300	-\$1.9600
Natural Gas	\$2.08	\$3.1850	\$0.0400
Gasoline		\$1.6590	-\$0.0520

### U.S. Domestic Crude Production

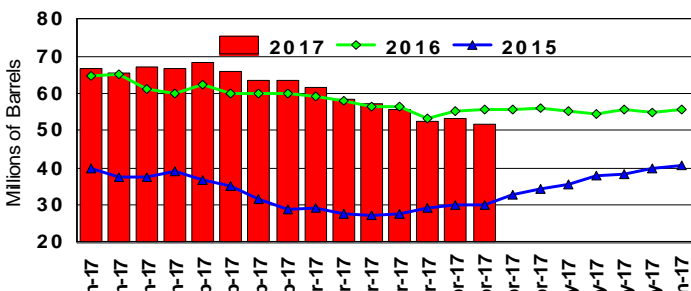
Source: EIA Weekly Status Report



## EIA Weekly Petroleum Report for the Week Ending April 14th

### Distillate Stocks

PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR) Down 1.2 million barrels**

Cushing, OK Crude Stocks Down 800,000 barrels

**Gasoline Stocks Up 1.5 million barrels**

**Distillate Stocks Down 2.0 million barrels**

**Refinery % Operated 92.9%, Up 1.9%**

**PADD #1**

	Week Ending Apr 14, 2017	Week Ending Apr 7, 2017	Week Ending Apr 15, 2016
Distillate Stocks (in million bbls)	7.3	8.0	10.0
Central Atlantic	31.0	32.1	31.9
Total PADD #1	51.9	53.4	55.6
Distillate Imports (thousands b/d)	167	118	90