



MarketWatch | Refined Products

Friday, August 11, 2017

Market Commentary

Recap: Once again WTI failed at the \$50 level, as a falling stock market, amidst a global supply glut, and shook the nerve out of bulls, who have failed for the third time to hold ground above \$50 a barrel. Not even geopolitical tensions between North Korea and the U.S. could support this market. After climbing more than 1%, oil prices turned lower, surpassing Wednesday's low, resulting in an outside trade session. September WTI fell 97 cents, or 1.96%, to settle at \$48.59 a barrel, while October Brent slipped 80 cents, or 1.52%, to settle at \$51.90 a barrel.

September RBOB fell by 1.7 cents, or 1.1%, to \$1.603 a gallon, while September heating oil finished at \$1.631 a gallon, down 2.2 cents, or 1.3%.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, August 8th increased by 765,748 barrels on the week and by 612,594 barrels from Friday, August 4th to 59,474,695 barrels.

In a monthly report, OPEC forecast higher demand for its crude oil in 2018 due to rising global consumption and slower supply growth from rivals. OPEC said the world needs 32.42 million bpd of its crude next year, up 220,000 bpd from the previous forecast. However, OPEC said its oil output in July came in above the demand forecast, led by gains in Libya and Nigeria, two members exempt from the OPEC-led cuts. OPEC's output in July increased by 173,000 bpd to 32.87 million bpd, amounting to 86% compliance with its output cut agreement, down from 96% in June. It reported that world oil demand growth in 2017 is now expected at 1.37 million bpd, following an upward revision of 100,000 bpd mainly to reflect better than expected data from OECD regions for the second quarter.

Saudi Arabia told OPEC it produced 10.01 million bpd in July. Separately, Saudi Arabia's Energy Minister, Khalid al-Falih, said talks with Iraq's Oil Minister stressed the need to urge all parties to strengthen their commitment to the supply cut agreement. Meanwhile, Iraq's Oil Minister said it is important for Iraq that its pipeline in Saudi Arabia is reopened to export Iraq crude.

According to International Enterprise Singapore, the country's residual fuels stocks in the week ending August 9th increased by 521,000 barrels to 23.652 million barrels. Singapore's light distillates stocks increased by 2.398 million barrels to 15.213 million barrels on the week while its middle distillate stocks fell by 1.201 million barrels to 11.806 million barrels on the week.

Middle East light crude traded at the highest premiums in more than a year on high demand from Japan. Japan's Fuji Oil has purchased four cargoes that will load in October.

Glencore's oil trading volumes increased by 39% in the first half after the company bought a stake in Russia's Rosneft. Glencore handled about 6.15 million bpd of oil and petroleum products in the first six months of the year, up from about 4.41 million bpd a year earlier.

Gasoline stocks held at the Amsterdam-Rotterdam-Antwerp refining and storage hub in the week ending August 10th fell by 2.18% on the week and by 18.25% on the year to 896,000 tons. Gasoil stocks fell by 3.79% on the week and by 18.96% on the year to 2.612 million tons while its fuel oil stocks fell by 19.54% on the week and by 11.91% on the year to 799,000 tons.

Early Market Call - as of 9:00 AM EDT

WTI - Sep \$48.29, down 31 cents

RBOB - Sep \$1.6041, up 20 points

HO - Sep \$1.6246, down 71 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-17	\$1.6313	(\$0.0220)	-0.0076
Oct-17	\$1.6344	(\$0.0213)	-0.0085
Nov-17	\$1.6367	(\$0.0209)	-0.0098
Dec-17	\$1.6387	(\$0.0208)	-0.0100
Jan-18	\$1.6417	(\$0.0206)	-0.0096
Feb-18	\$1.6419	(\$0.0206)	-0.0093
Mar-18	\$1.6378	(\$0.0207)	-0.0080
Apr-18	\$1.6289	(\$0.0210)	-0.0057
May-18	\$1.6239	(\$0.0215)	-0.0037
Jun-18	\$1.6201	(\$0.0225)	-0.0040
Jul-18	\$1.6206	(\$0.0229)	-0.0045
Aug-18	\$1.6229	(\$0.0230)	-0.0045
Sep-18	\$1.6258	(\$0.0232)	-0.0044
Oct-18	\$1.6291	(\$0.0232)	-0.0051
Nov-18	\$1.6338	(\$0.0232)	-0.0059
Dec-18	\$1.6381	(\$0.0230)	-0.0066

Sprague HeatCurve Oct 2017-April 2018* \$1.6384

* Degree Day weighted NYMEX strip (no differentials)

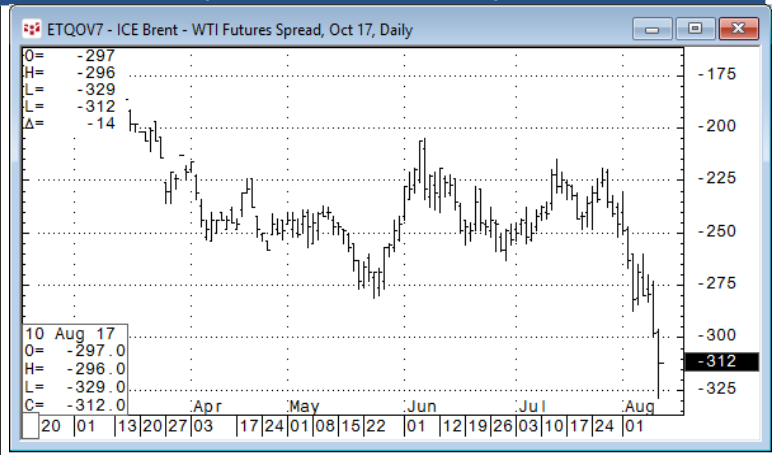
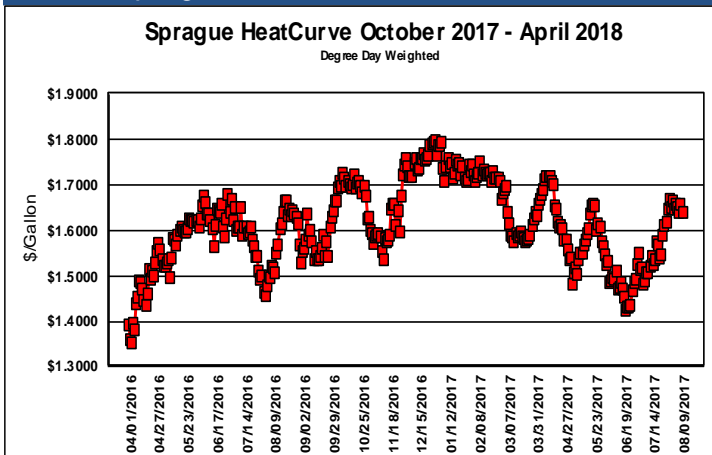
Other Front Month NYMEX		Close	Change
Crude - WTI	Oct Brent- WTI Spread	\$48.7500	-\$0.9700
Crude - Brent		\$51.9000	-\$0.8000
Natural Gas	\$3.15	\$2.9850	\$0.1020
Gasoline		\$1.6028	-\$0.0172

EIA Natural Gas Storage Report

	04-Aug-17	28-Jul-17	Change	Year Ago
East	673	651	22	744
Midwest	771	754	17	842
Mountain	202	200	2	215
Pacific	289	293	-4	314
South Central	1103	1112	-9	1,198
Salt	299	306	-7	314
Nonsalt	804	806	-2	884
Total	3038	3010	28	3,313

Sprague HeatCurve Winter 2017/18

ICE September WTI-Brent Spread



CQG Inc. © 2017 All rights reserved worldwide. <http://www.cqg.com> Thu Aug 10 2017 15:05:04, CQG 16.14.880

This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.