

## Market Commentary

**Recap:** WTI fell by almost 3% on Wednesday; despite the 5.6 million barrel draw on U.S. crude oil inventories. Prices were dragged lower by what appears to be sluggish demand for refined products. The 6.8 million barrel build in U.S. gasoline stocks made RBOB futures the hardest hit market on NYMEX. The January contract fell below its 50-day moving average for the first time since July, and continued to fall to a 7-week low of \$1.6600 a gallon. A slight retracement took place prior to the close, with January RBOB settling at \$1.661 a gallon, down 2.94%, the lowest settlement for spot futures since Oct. 19. Coming into tomorrow, technical traders will be eyeing \$1.6598, support provided by an ascending trend line that dates back to June of 2017. A break below this line sets up for a run at the \$1.5850 level.

January heating oil settled at \$1.861 a gallon, down 2.8%, January WTI fell \$1.66, or 2.9%, to settle at \$55.96 a barrel, its lowest settlement since Nov. 16. February Brent lost \$1.64, or 2.6%, to \$61.22 a barrel, its since level since Nov. 2.

**Fundamental News:** The arbitrage to send gasoline from Northwest Europe to the New York Harbor was described as shut on Tuesday by traders in both regions, despite US prices increasing. However 918,808 barrels of trans-Atlantic gasoline were imported the first three days of December, an increase from no imports in November.

According to the EIA, US ultra low sulfur diesel exports fell by 6.806 million barrels to 30.517 million barrels in September, driven by falling demand from Europe and Latin America as well as the impact to US refiners following Hurricane Harvey. While it was the second largest monthly decline of the year, second to August, the decline from both months combined for the largest two-month decline in ULSD exports at 15.365 million barrels.

The US Census Bureau reported that US crude exports increased to a record 1.73 million bpd in October. It's a record for the second consecutive month after reaching a previous high of 1.47 million bpd in September.

Bloomberg New Energy Finance estimates that crude imports to the US Gulf Coast fell to 2.43 million bpd in the week ending December 1<sup>st</sup>. The previous week's estimate was 2.66 million bpd for the week ending November 24<sup>th</sup>.

Genscape reported that crude oil inventories in the ARA region fell by 3.5 million barrels in the week ending December 1<sup>st</sup> to 52.7 million barrels.

According to Bloomberg, an LR-2 tanker capable of hauling about 670,000 barrels of distillates, is bound for New York Harbor after loading in Yanbu, Saudi Arabia. The US has not imported distillate from Saudi Arabia since February 2015.

The Northwest European gasoline complex has come under pressure this week from a closed arbitrage to the US, a lack of significant West African demand and with the end of year approaching.

Russia's Energy Minister, Alexander Novak, said global oil prices are relatively stable and volatility is low. He said it was too early to talk about a possible exit from the global deal to cut oil production, and the eventual withdrawal from the agreement should be gradual.

IIR reported that US oil refiners are expected to shut in 452,000 bpd of capacity in the week ending December 8<sup>th</sup>, increasing available refining capacity by 243,000 bpd from the previous week. IIR expects offline capacity to fall to 266,000 bpd in the week ending December 15<sup>th</sup>.

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

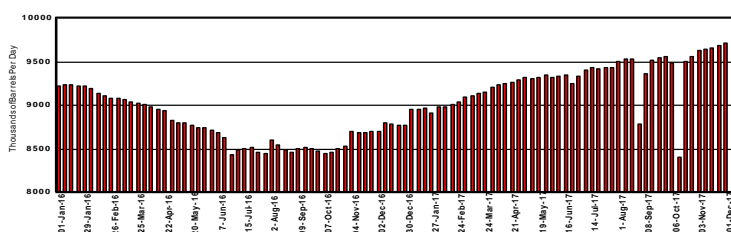
WTI - Jan \$56.20, up 24 cents  
 RBOB - Jan \$1.6718, up 1.08 cents  
 HO - Jan \$1.8682, up 70 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-18	\$1.8613	-\$0.0526	-\$0.0625
Feb-18	\$1.8636	-\$0.0512	-\$0.0591
Mar-18	\$1.8576	-\$0.0503	-\$0.0565
Apr-18	\$1.8436	-\$0.0494	-\$0.0536
May-18	\$1.8328	-\$0.0485	-\$0.0523
Jun-18	\$1.8243	-\$0.0475	-\$0.0501
Jul-18	\$1.8231	-\$0.0467	-\$0.0471
Aug-18	\$1.8238	-\$0.0461	-\$0.0439
Sep-18	\$1.8259	-\$0.0458	-\$0.0420
Oct-18	\$1.8282	-\$0.0457	-\$0.0413
Nov-18	\$1.8309	-\$0.0456	-\$0.0408
Dec-18	\$1.8334	-\$0.0454	-\$0.0400
Jan-19	\$1.8353	-\$0.0449	-\$0.0395
Feb-19	\$1.8302	-\$0.0442	-\$0.0391
Mar-19	\$1.8189	-\$0.0434	-\$0.0389
Apr-19	\$1.8017	-\$0.0421	-\$0.0377
May-19	\$1.7933	-\$0.0410	-\$0.0369
Jun-19	\$1.7891	-\$0.0404	-\$0.0362

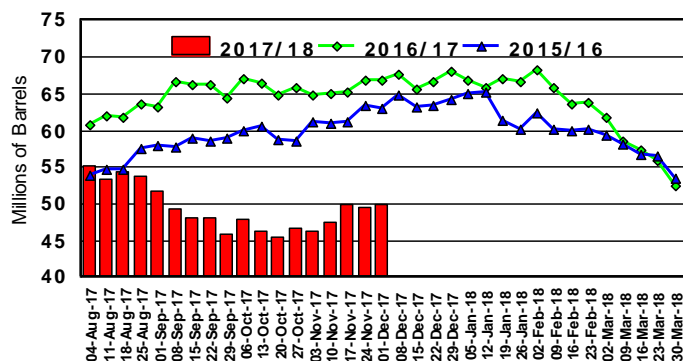
Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$56.0300	-\$1.6600
Crude - Brent	WTI Spread	\$61.2200	-\$1.6400
Natural Gas	\$5.19	\$2.9920	\$0.0080
Gasoline		\$1.6609	-\$0.0575

## U.S. Domestic Crude Production



## EIA Weekly Petroleum Status Report for the Week Ending December 1, 2017

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR) Down 5.6 million barrels**

Cushing, OK Crude Stocks Down 2.8 million barrels

**Gasoline Stocks Up 6.8 million barrels**

**Distillate Stocks Up 1.7 million barrels**

**Refinery % Operated 93.8%, Up 1.2%**

#### PADD #1

	Week Ending Dec 1, 2017	Week Ending Nov 24, 2017	Week Ending Dec 2, 2016
Distillate Stocks (in million bbls)	7.7	8.1	13.2
Central Atlantic	29.0	29.6	40.9
Total PADD #1	49.8	49.6	66.8
Distillate Imports (thousands b/d)	94	93	103