

Market Commentary

Recap: Wednesday's rise in oil prices continued into Thursday's session on signs that U.S. gasoline consumption is better than expected. March WTI rose to a high of \$53.21 prior to slicing gains for a settlement at \$53.00 a barrel, up 66 cents, or 1.26%. Brent for April delivery climbed 51 cents, or 0.93%, to settle at \$55.63 a barrel. Production cuts from within OPEC and overflowing U.S. supplies of oil are working against each other and as a result WTI remains within the trading range that dates back to the beginning of December. While the futures market remains range bound, continued cutbacks by OPEC, along with strong gasoline demand in the U.S., could push prices out of the range of \$51-\$56. After bottoming at \$9.91 on Tuesday, the March RBOB/WTI crack spread retraced 50% of its fall from a high of \$16.91 made back in December. This spread touched \$13.43 today before paring gains for a settlement of \$12.94, up 7 cents from Wednesday. March RBOB settled at \$1.570 a gallon, up 1.8 cents, or 1.1%, while March heating oil gained just over half a cent to \$1.642 a gallon.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending February 7th increased by 1.2 million barrels to 67.2 million barrels.

Saudi Arabia's Energy Minister, Khalid al-Falih, met Venezuela's foreign and energy ministers, Delcy Rodriguez and Nelson Martinez, respectively, in Riyadh to review oil market conditions and the importance of keeping them stable.

Iran's crude oil and condensate exports in January increased 3% on the month as it continued to regain market share. Total estimated export volumes from Iranian ports in January increased to 2.162 million bpd from 2.102 million bpd in December. Iran's output in January increased to 3.72 million bpd, up 30,000 bpd on the month.

An Iraqi Oil Ministry statement said five oil wells are still burning out of 25 that Islamic State set on fire in Qayyara, south of Mosul. North Oil Company crews are working to control the fires torched by the hardline militants to slow down the advance of US backed Iraqi forces toward Mosul.

Goldman Sachs said oil market re-balancing will take time due to a surprise increase in US production and high fuel inventories. It sees imports as the key driver to the large builds and as the reflection of the fourth quarter 2016 global oil market surplus of more than 500,000 bpd. It said the global oil market surplus in the fourth quarter of 2016 led to further rises in global inventories in January and as result the draws that it expects will start from a high base and need sustained cuts to normalize and achieve backwardation, with WTI likely lagging Brent. It said that given OPEC and other producers are complying at a high level of 85% to their proposed output cuts, the import channel will reverse from March onward. It stated that US production increased faster than it forecast and it believes the faster shale rebound is creating downside risk to its 2018 WTI price forecast of \$55/barrel.

Euroilstock reported that European crude and oil product stocks in January totaled 1.15 billion barrels, up 1.9% on the month but down 1.5% on the year. European crude oil stocks increased by 3.2% on the month but fell by 1.6% on the year to 481.73 million barrels while gasoline stocks increased by 3.5% on the month but fell by 1.9% on the year to 122.06 million barrels and distillate stocks increased by 1.2% on the month and by 0.2% on the year to 449.7 million barrels.

Gasoline stocks held in the Amsterdam-Rotterdam-Antwerp hub in the week ending February 9th fell by 9.62% on the week and by 25.68% on the year to 987,000 tons while gasoil stocks fell by 3.59% on the week and by 10.48% on the year to 3.17 million tons.

Early Market Call - as of 9:00 AM EDT

WTI - Mar \$54.02, up \$1.02
 RBOB - Mar \$1.6130, up 4.25 cents
 HO - Mar \$1.6753, up 3.34 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-17	\$1.6415	\$0.0055	-0.0103
Apr-17	\$1.6500	\$0.0059	-0.0097
May-17	\$1.6586	\$0.0061	-0.0091
Jun-17	\$1.6678	\$0.0068	-0.0086
Jul-17	\$1.6782	\$0.0077	-0.0081
Aug-17	\$1.6877	\$0.0085	-0.0073
Sep-17	\$1.6978	\$0.0090	-0.0058
Oct-17	\$1.7083	\$0.0094	-0.0042
Nov-17	\$1.7182	\$0.0091	-0.0034
Dec-17	\$1.7260	\$0.0087	-0.0034
Jan-18	\$1.7338	\$0.0083	-0.0031
Feb-18	\$1.7365	\$0.0084	-0.0022
Mar-18	\$1.7313	\$0.0084	-0.0019
Apr-18	\$1.7174	\$0.0083	-0.0018
May-18	\$1.7108	\$0.0084	-0.0016
Jun-18	\$1.7080	\$0.0082	-0.0016

Sprague HeatCurve Oct 2017-April 2018* \$1.7275

* Degree Day weighted NYMEX strip (no differentials)

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent- WTI Spread \$2.17	\$53.4600	\$0.5500
Crude - Brent		\$55.6300	\$0.5100
Natural Gas		\$3.1410	\$0.0150
Gasoline		\$1.5702	\$0.0175

EIA Natural Gas Storage Report

	EIA Weekly Report			
	03-Feb-17	27-Jan-17	Change	Year Ago
East	520	569	-49	626
Midwest	685	730	-45	747
Mountain	155	164	-9	153
Pacific	208	221	-13	262
South Central	991	1,027	-36	1,096
Salt	338	340	-2	309
Nonsalt	654	687	-33	787
Total	2,559	2,711	-152	2,884

Sprague HeatCurve Winter 2017/18

ICE April WTI-Brent Spread

