



MarketWatch | Refined Products

Monday, February 13, 2017

Market Commentary

Recap: Oil prices finished the week on a strong note, on signs that OPEC members are curtailing output by more than 90% of the agreed upon cuts. After reaching its lowest level in 10 weeks, March WTI rebounded 5% to settle at \$53.86, up 86 cents, or 1.62%. April Brent gained \$1.07, or 1.9%, to \$56.70 a barrel, up 4% from its weekly low of \$54.44.

The Baker Hughes report showed an increase of 8 for the number of active U.S. oil rigs which kept WTI from settling above the \$54 mark, but was not enough to discount the OPEC cuts and the huge build in U.S. crude oil inventories. March WTI settled just above the downward sloping trend line that dates back to Jan 3, 2017.

After reaching a weekly high of \$13.70, the March RBOB/WTI crack spread pared gains to settle at \$12.90, down 4 cents from Thursday. March RBOB added 1.9 cents, or 1.2%, to \$1.590 a gallon, with prices up 2.3% on the week, while March heating oil rose 2.4 cents, or 1.5%, to \$1.666 a gallon, down less than 0.1% from a week ago.

Fundamental News: The IEA stated that global oil output in January fell as OPEC and non-OPEC producers cut supply to accelerate a market rebalancing. It reported that oil supplies fell by about 1.5 million bpd in January, including 1 million bpd from OPEC, leading to record initial compliance of 90% with its deal to cut production. The IEA said if the January level of compliance is maintained, the output reductions combined with strong demand growth should help ease the record stocks overhang in the next six months by about 600,000 bpd. It also reported that after declining by 800,000 bpd last year, non-OPEC output will increase by 400,000 bpd in 2017 with combined growth from Brazil, Canada and the US amounting to as much as 750,000 bpd. It raised estimates of global oil demand growth in 2017 by 100,000 bpd to 1.4 million bpd.

Reuters reported that OPEC has delivered over 90% of pledged oil output cuts in January. Supply from the 11 OPEC members with production targets under the deal in January has declined to 29.921 million bpd or 92% of compliance.

Baker Hughes reported that US energy companies added oil rigs for a 14th week in the last 15. Drillers added 8 oil rigs in the week ending February 10th, bringing the total count up to 591, the most since October 2015. During the same week a year ago, there were 439 active oil rigs.

Oil Movements reported that OPEC shipments will decline by 0.7% to 23.95 million bpd in the four weeks ending February 25th, compared with the four week period ending January 28th.

Eni lifted the force majeure on Nigeria's Brass River crude exports which had been in place since late May. The company official lifted the designation on January 29th.

Saudi Aramco is in talks to sell term crude supplies to China's North Huajin Chemical Industries Group. If talks are successful, Aramco may start supplying oil to the company in the first quarter. Initial volumes may be around 30,000 bpd.

Nigeria's Vice President, Yemi Osinbajo, visited the Delta region on Friday as the government sought to broker peace with militants. Militant attacks on production facilities last year cut output by as much as one-third. A peace deal could help increase production, with the government aiming to produce an average of 2.2 million bpd this year. In January, Nigeria's production was 1.7-1.8 million bpd.

Early Market Call - as of 9:00 AM EDT

WTI - Mar \$53.12, down 74 cents
 RBOB - Mar \$1.5610, down 2.83 cents
 HO - Mar \$1.6285, down 3.74 cents

All NYMEX | Prior Settlements

Month	USD (HO)		Change In One Week
	Close	Prior Settle	
Mar-17	\$1.6659	\$0.0244	0.0008
Apr-17	\$1.6751	\$0.0251	0.0014
May-17	\$1.6839	\$0.0253	0.0018
Jun-17	\$1.6930	\$0.0252	0.0022
Jul-17	\$1.7034	\$0.0252	0.0028
Aug-17	\$1.7130	\$0.0253	0.0038
Sep-17	\$1.7231	\$0.0253	0.0049
Oct-17	\$1.7337	\$0.0254	0.0066
Nov-17	\$1.7436	\$0.0254	0.0078
Dec-17	\$1.7513	\$0.0253	0.0082
Jan-18	\$1.7587	\$0.0249	0.0083
Feb-18	\$1.7612	\$0.0247	0.0091
Mar-18	\$1.7555	\$0.0242	0.0089
Apr-18	\$1.7410	\$0.0236	0.0081
May-18	\$1.7338	\$0.0230	0.0077
Jun-18	\$1.7303	\$0.0223	0.0070

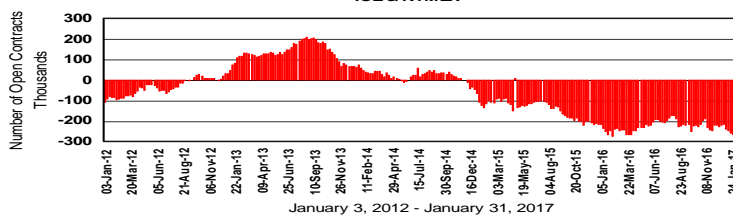
Sprague HeatCurve Oct 2017-April 2018* \$1.7523

* Degree Day weighted NYMEX strip (no differentials)

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-WTI Spread	\$54.3300	\$0.8700
Crude - Brent		\$56.7000	\$1.0700
Natural Gas	\$2.37	\$3.0340	-\$0.1070
Gasoline		\$1.5896	\$0.0194

Commitment of Traders Report: WTI

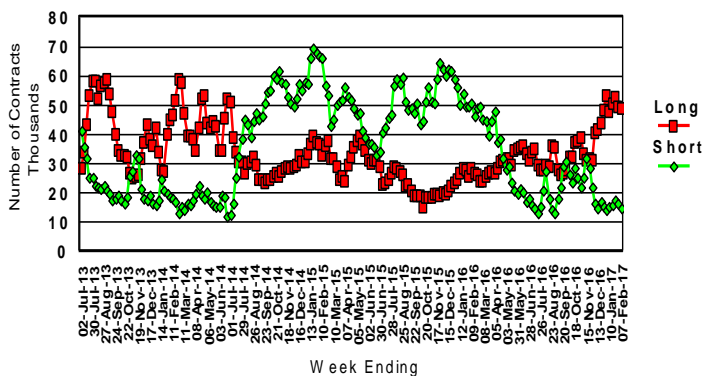
Producers/Merchant Reportable Net Positions
ICE & NYMEX



Commitment of Traders Report for the Week Ending February 7th

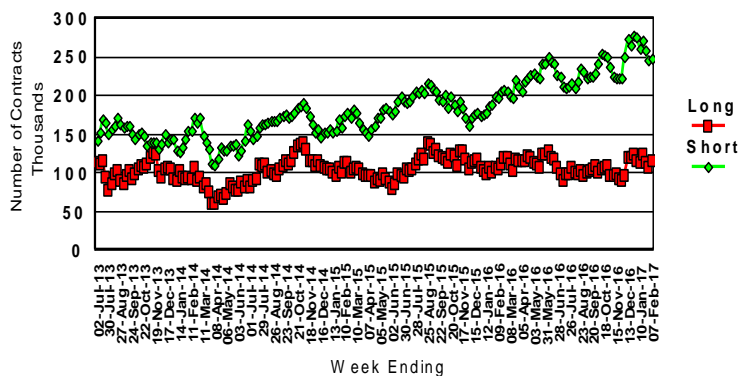
Managed Money Heat Positons

CFTC Commitment of Traders Report



Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



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