

Market Commentary

Recap: Oil prices moved lower on Monday from what appears to be underlying weakness in this market, as increased production in the U.S. continues to work against output cuts by OPEC producers. March WTI stopped on the upside just below \$54 a barrel, stemming gains made last week. Prices reversed to the downside as the dollar strengthened, with March WTI breaking below support set by the 30 and 10-day moving averages of \$53.23 and \$53.10 respectively. This spot contract finished at \$52.93 a barrel, down 93 cents, or 1.73%. Brent for April delivery slipped \$1.11 or 1.96%, to settle at \$55.59 a barrel.

After staging a comeback last week, the March RBOB/WTI crack spread once again pared gains to settle at \$11.94, down 96 cents. March RBOB slipped 4.5 cents, or 2.8%, to settle at \$1.5446. March heating oil fell 3.86 cents, or 2.3%, to \$1.6273 a gallon.

Fundamental News: OPEC reported that it complied with its output cut agreement by more than 90% in January. Supply from the 11 OPEC members with production targets under the deal fell to 29.888 million bpd in January. This amounts to 93% compliance. Saudi Arabia cut its output to 9.748 million bpd. OPEC raised its 2017 world oil demand growth forecast to 1.19 million bpd compared with a previous forecast of 1.16 million bpd. It also raised its 2017 non-OPEC oil supply growth forecast to 240,000 bpd from a previous increase of 120,000 bpd.

OPEC Secretary General, Mohammad Barkindo, said preliminary numbers show a very high level of compliance with supply cuts. He is confident the supply cut deal will bring down inventories to around 5 year industry average during 2017. He added that it was too early to say if the supply cut deal needs to be extended beyond June.

Saudi Arabia told OPEC that it has cut its output by 717,600 bpd in January to 9.748 million bpd. Saudi Arabia's data indicates that it is producing 310,000 bpd below its specified target.

Kuwait's Oil Minister, Essam al-Marzouq, said current oil prices were good and are expected to increase with higher compliance to an output cut deal agreed to by OPEC and non-OPEC producers. He added that compliance was 92% while that of non-OPEC producers was 50%. He urged oil suppliers outside the group to fulfill their commitments to cut output and added that prices will increase once producers demonstrate better compliance with their agreement.

The UAE's Oil Minister, Suhail Al-Mazrouei, said the country will meet its pledged level of output cuts. The country will make deeper cuts in production when maintenance starts at the Abu Dhabi oil field in late March or April.

Venezuela's Foreign Affairs Minister, Delcy Eloina Rodriguez Gomez, said oil exporting countries will continue their coordination to reach final stabilization of the oil market. She said the oil market will most likely stabilize following the agreement signed in Algiers by OPEC.

JBC Energy estimates the 11 non-OPEC nations that agreed to cut production by a combined 558,000 bpd during the first half of 2017 have so far cut 147,000 bpd compared with December's levels.

Nigeria's Vice President, Yemi Osinbajo, said the country lost at least 1 million bpd of oil output as sabotage and attacks on oil installations peaked from 2015.

IIR reported that US oil refiners are expected to shut in 1.466 million bpd of capacity in the week ending February 17th, increasing available refining capacity by 13,000 bpd from the previous week. IIR expects offline capacity to fall to 1.224 million bpd in the week ending February 24th.

Early Market Call - as of 9:30 AM EDT

WTI - Mar \$53.62, up 69 cents
 RBOB - Mar \$1.5691, up 2.45 cents
 HO - Mar \$1.6515, up 2.39 cents

All NYMEX | Prior Settlements

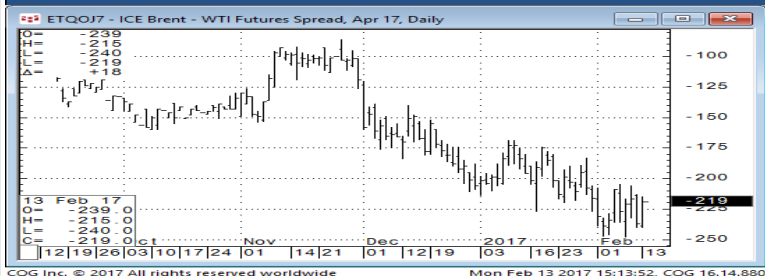
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-17	\$1.6273	-\$0.0386	-0.0079
Apr-17	\$1.6383	-\$0.0368	-0.0069
May-17	\$1.6492	-\$0.0347	-0.0055
Jun-17	\$1.6600	-\$0.0330	-0.0041
Jul-17	\$1.6715	-\$0.0319	-0.0027
Aug-17	\$1.6820	-\$0.0310	-0.0012
Sep-17	\$1.6929	-\$0.0302	0.0004
Oct-17	\$1.7038	-\$0.0299	0.0019
Nov-17	\$1.7139	-\$0.0297	0.0027
Dec-17	\$1.7216	-\$0.0297	0.0022
Jan-18	\$1.7293	-\$0.0294	0.0021
Feb-18	\$1.7320	-\$0.0292	0.0026
Mar-18	\$1.7270	-\$0.0285	0.0030
Apr-18	\$1.7132	-\$0.0278	0.0028
May-18	\$1.7062	-\$0.0276	0.0023
Jun-18	\$1.7029	-\$0.0274	0.0015

Sprague HeatCurve Oct 2017-April 2018* \$1.7231

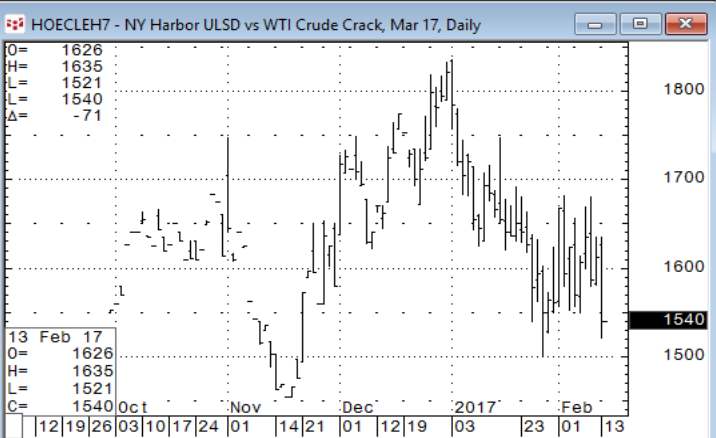
* Degree Day weighted NYMEX strip (no differentials)

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-WTI Spread \$2.16	\$53.4300	-\$0.9000
Crude - Brent		\$55.5900	-\$1.1100
Natural Gas		\$2.9440	-\$0.0900
Gasoline		\$1.5446	-\$0.0450

ICE April WTI-Brent Spread



March Heating Oil Crack Spread



March RBOB Crack Spread

