



MarketWatch | Refined Products

Thursday, February 16, 2017

Market Commentary

Recap: On the last trading day for March options, WTI traded within 30 cents of unchanged; on both the positive and negative side. Record high crude oil and gasoline inventories pressured prices, while weakness in the dollar provided light support. March WTI was little changed, settling at \$53.11 a barrel, down 9 cents, or 0.17%. April Brent settled at \$55.75 a barrel, down 22 cents, or 0.4%.

March RBOB rose less than half a penny to \$1.548 a gallon while March heating oil settled at \$1.631 a gallon, down under a cent. With PADD 1 gasoline stocks reaching a record high, the March gasoline crack has turned lower once again, settling the session at \$11.77.

Fundamental News: The EIA reported that US crude oil stocks in the week ending February 10th increased by 9.527 million barrels to the highest level on record of 1.213 billion barrels, with crude stocks in the Gulf Coast increasing to a record level of 274.4 million barrels. Gasoline stocks increased to the highest level on record as well, with stocks increasing by 2.846 million barrels to 259.1 million barrels.

A board member with Libya's National Oil Corp, Jadalla Alaokali, said Libya is currently producing more than 700,000 bpd. He added that the country's production should increase to 1.2 million by August. The El Feel oil field is expected to resume operations as soon as one month from now, adding 75,000 bpd to the country's output.

Iran's Oil Minister, Bijan Namdar Zanganeh, said oil export capacity has increased to 2.8 million bpd from about 1.2 million bpd. Separately, Iran's Deputy Oil Minister Amir Hossein Zamaninia said Iran will decide on at least half of a planned \$70 billion in energy projects in a few short months.

Oman's Oil Minister, Mohammad Al-Rumhy, said oil prices are expected to increase mid-year on output cuts. He also stated that there is room for non-OPEC countries to cut output further as part of a supply deal agreement with OPEC producers. He expects Russia's compliance with the agreement to be better in February and March.

Russian Energy Ministry official, Pavel Sorokin, said the country sees oil prices at \$50-\$55/barrel this year.

OPEC will publish a report late February focusing on the stability of the market as it reacts to the organization's output cut and the new US administration energy policy. The report will help in formalizing a clear policy to help stabilize the global market. The OPEC ministerial committee monitoring the output reduction will hold its second meeting on February 17th to discuss the February report. Meanwhile, the report will look into energy policies proposed by the Trump administration.

Genscape reported that crude inventories in the Amsterdam-Rotterdam-Antwerp area fell by 2.63 million barrels to 55.26 million barrels in the week ending February 10th.

BMI said it revised its Saudi crude production capacity upwards to 11.21 million bpd in 2026 from 10.41 million bpd and compared with 10.33 million bpd in 2017. Separately, BMI stated that Iraq only managed 40% compliance with the OPEC cuts in January and added that not improving on this could prove problematic to group cohesion.

North Dakota's oil production in December fell by more than 92,000 bpd to 942,455 bpd, according to the state's Pipeline Authority.

IIR reported that US oil refiners are expected to shut in 1.652 million bpd of capacity in the week ending February 17th, cutting available capacity by 133,000 bpd from the previous week. IIR expects offline capacity to fall to 1.274 million bpd in the week ending February 24th.

Early Market Call - as of 9:00 AM EDT

WTI - Mar \$53.47, up 36 cents

RBOB - Mar \$1.5361, down 1.2 cents

HO - Mar \$1.6426, up 1.21 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-17	\$1.6305	-\$0.0077	-0.0055
Apr-17	\$1.6425	-\$0.0071	-0.0016
May-17	\$1.6535	-\$0.0065	0.0010
Jun-17	\$1.6643	-\$0.0059	0.0033
Jul-17	\$1.6763	-\$0.0054	0.0058
Aug-17	\$1.6875	-\$0.0049	0.0083
Sep-17	\$1.6985	-\$0.0048	0.0097
Oct-17	\$1.7086	-\$0.0052	0.0097
Nov-17	\$1.7174	-\$0.0058	0.0083
Dec-17	\$1.7243	-\$0.0060	0.0070
Jan-18	\$1.7313	-\$0.0061	0.0058
Feb-18	\$1.7333	-\$0.0062	0.0052
Mar-18	\$1.7281	-\$0.0062	0.0052
Apr-18	\$1.7144	-\$0.0061	0.0053
May-18	\$1.7071	-\$0.0061	0.0047
Jun-18	\$1.7037	-\$0.0060	0.0039

Sprague HeatCurve Oct 2017-April 2018*

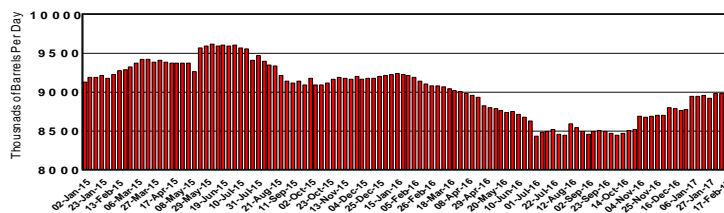
\$1.7252

* Degree Day weighted NYMEX strip (no differentials)

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-WTI Spread \$2.12	\$53.6000	-\$0.1100
Crude - Brent		\$55.7200	-\$0.2200
Natural Gas		\$2.9250	\$0.0200
Gasoline		\$1.5479	\$0.0012

U.S. Domestic Crude Production

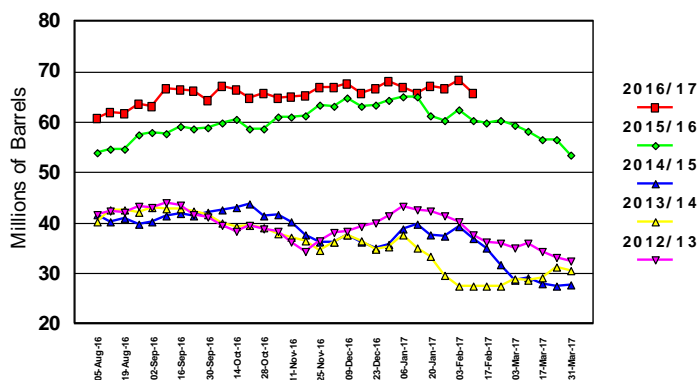
Source:EIA Weekly Status Report



EIA Weekly Petroleum Report for the Week Ending February 10th

PADD #1 Distillate Stocks

Source:EIA



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 9.53 million barrels

Cushing, OK Crude Stocks Down 702,000 barrels

Gasoline Stocks Up 2.85 million barrels

Distillate Stocks Down 689,000 barrels

Refinery % Operated 85.4%, Down 2.3%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Feb 10, 2017	Week Ending Feb 3, 2017	Week Ending Feb 12, 2016
New England	12.8	13.3	11.6
Central Atlantic	39.1	41.0	36.4
Total PADD #1	65.8	68.2	60.2
Distillate Imports (thousands b/d)	216	209	232

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