

## Market Commentary

**Recap:** Oil prices rose on Friday as the dollar slipped and after the U.S. imposed sanctions on Iranian individuals and entities. Gains were posted despite the third straight weekly rise in the number of active U.S. oil rigs, which rose by 17 to 583. March WTI added 29 cents, or 0.54%, to settle at \$53.83 a barrel, while April Brent tacked on 25 cents, or 0.44%, settling at \$56.81 a barrel.

March RBOB gained 2.1 cents, or 1.4%, to \$1.554 a gallon, with prices about 0.1% higher on the week, while March heating oil finished up 1.3 cents, or 0.8%, at \$1.665 a gallon, with front-month prices tacking on about 1.9% for the week.

**Fundamental News:** Iran's Foreign Minister, Mohammad Javad Zarif, tweeted on Friday that the country was unmoved by US threats following its missile test launch and that Iran would never initiate war. He said Iran would never use its military might against any country, except in self-defense. On Thursday, President Trump said "nothing is off the table" in dealing with Iran following its launch of a ballistic missile. The US Treasury Department sanctioned more than two dozen Iranian, Chinese and Emirati businesses and individuals for their alleged role in supporting Iran's ballistic missile program. Treasury Department officials also named officers and business executives tied to Iran's elite military unit, the Islamic Revolutionary Guard Corps, for their suspected role in aiding the Lebanese militia, Hezbollah, and Tehran's defense industries. US officials said the sanctions did not violate the nuclear agreement Iran reached with US and other world powers in 2015.

Russia's Energy Minister, Alexander Novak, said that oil producers had cut their output as agreed under a deal with OPEC. He said Russian companies may cut their oil production more quickly than required by its deal with OPEC. He said 1.4 million bpd was cut from global oil output last month.

Baker Hughes reported that US energy companies added oil rigs for the 13<sup>th</sup> week in the last 14. It reported that drillers added 17 oil rigs in the week ending February 3<sup>rd</sup>, bringing the total count up to 583, the most since October 2015.

Phillips 66's Chief Executive, Greg Garland, said the Dakota Access Pipeline is expected to be completed by the second quarter. Phillips 66 has a 25% stake in the pipeline project led by Energy Transfer Partners LP. The pipeline was originally set to start in late 2016 but has faced intense protests and legal challenges from climate activists and Native Americans, led by the Standing Rock Sioux Tribe, whose land in North Dakota runs adjacent to the route. On Wednesday, the US Army said it had taken initial steps to expeditiously review requests for approvals to construct and operate the pipeline per an order by President Donald Trump. However, the project's easement has not yet been approved.

The arbitrage from the US Gulf coast remained extremely limited, with about 700,000 tons of diesel expected to be imported on the route in February.

IIR reported that US oil refiners are expected to shut in 980,000 bpd of capacity in the week ending February 3<sup>rd</sup>, cutting available refining capacity by 104,000 bpd from the previous week.

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

WTI - Mar \$53.70, down 12 cents  
 RBOB - Mar \$1.5644, up 1.07 cents  
 HO - Mar \$1.6701, up 50 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-17	\$1.6651	\$0.0133	0.0308
Apr-17	\$1.6737	\$0.0140	0.0325
May-17	\$1.6821	\$0.0144	0.0326
Jun-17	\$1.6908	\$0.0144	0.0318
Jul-17	\$1.7006	\$0.0143	0.0299
Aug-17	\$1.7092	\$0.0142	0.0286
Sep-17	\$1.7182	\$0.0146	0.0280
Oct-17	\$1.7271	\$0.0146	0.0283
Nov-17	\$1.7358	\$0.0142	0.0290
Dec-17	\$1.7431	\$0.0137	0.0295
Jan-18	\$1.7504	\$0.0135	0.0293
Feb-18	\$1.7521	\$0.0134	0.0285
Mar-18	\$1.7466	\$0.0134	0.0275
Apr-18	\$1.7329	\$0.0137	0.0265
May-18	\$1.7261	\$0.0137	0.0267
Jun-18	\$1.7233	\$0.0137	0.0268

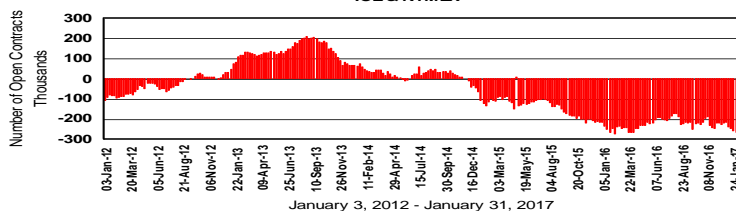
**Sprague HeatCurve Oct 2017-April 2018\*** \$1.7440

\* Degree Day weighted NYMEX strip (no differentials)

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent- WTI Spread \$2.34	\$54.4700	\$0.3000
Crude - Brent		\$56.8100	\$0.2500
Natural Gas		\$3.0630	-\$0.1240
Gasoline		\$1.5537	\$0.0208

### Commitment of Traders Report: WTI

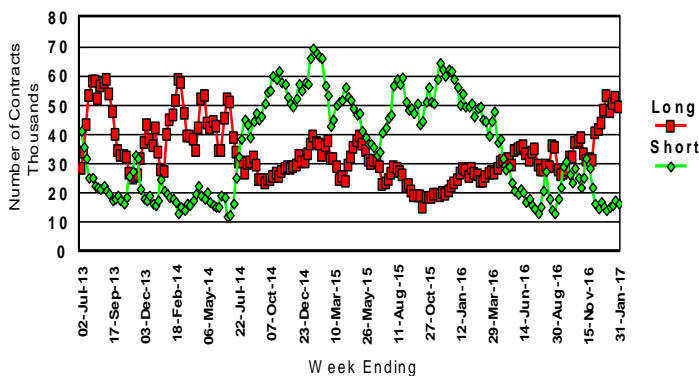
Producers/Merchant Reportable Net Positions  
ICE & NYMEX



## Commitment of Traders Report for the Week Ending January 31st

### Managed Money Heat Positons

CFTC Commitment of Traders Report



### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report

