

## Market Commentary

**Recap:** Oil prices slipped amidst a strengthening dollar and rising U.S. supplies. Futures fell throughout the session, with March WTI falling as much as 1.7% on Monday, reaching a low of \$52.91 before paring losses for a settlement of \$53.01, down 82 cents, or 1.52%. April Brent closed at \$55.72, down \$1.09, or 1.92%.

The March RBOB/WTI crack spread slipped again, stopping just above Friday's low of \$10.26, prior to settling at \$10.41, down \$1.04 from Friday's close.

March gasoline fell 4.3 cents, or 2.8%, to \$1.510 a gallon and March heating oil lost 3 cents, or 1.8%, to \$1.635 a gallon.

**Fundamental News:** Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending February 3<sup>rd</sup> increased by 1,042,065 barrels on the week and by 1,099,919 barrels from Tuesday, January 31<sup>st</sup>.

According to an S&P Global Platts survey, the ten OPEC members obligated to cut output under the agreement signed late last year achieved 91% of their required cuts in January, with production falling 1.14 million bpd from October levels. In total, OPEC's 13 members produced 32.16 million bpd in January, down 690,000 bpd from December. Saudi Arabia produced 9.98 million bpd, below its allocation of 10.06 million bpd under the deal. Kuwait's oil production for January was under its quota of 2.71 million bpd, coming in at 2.7 million bpd, a 130,000 bpd decline from December. Meanwhile, Iraq produced 4.48 million bpd compared with a quota of 4.35 million bpd. Iran, which is allowed to increase its production to 3.8 million bpd under the deal, produced 3.72 million bpd, up 30,000 bpd on the month. Libya and Nigeria increased their production by 50,000 bpd and 210,000 bpd, respectively, as their production continues to recover from militancy-related outages.

Russia's Energy Minister, Alexander Novak, said his Venezuelan counterpart said the global oil deal had a positive impact on the global market.

Seaway Crude Pipeline's 400,000 bpd Legacy pipeline resumed operations on February 5<sup>th</sup>, six days after a rupture northeast of Dallas stopped shipments.

The Dakota Access Pipeline may start operating June 1<sup>st</sup>, assuming no new obstacles prevent it. Energy Transfer Partners will begin filling it with oil around February 15<sup>th</sup>, barring complaints or legal action to stop it. The company is still awaiting a permit from the US Army Corps of Engineers to build the last portion of the pipeline.

The Houston Ship Channel was closed to inbound vessels due to fog. There were 30 vessels waiting to dock.

Iraq's southern crude oil exports fell in January from a record high a month earlier as the country implements output cuts agreed by OPEC and other major producers to cut the global oversupply. The country's exports fell 187,000 bpd to 3.323 million bpd in January from the previous month.

The Iranian Students News Agency reported that Iran's oil production capacity is expected to reach 4 million bpd in March.

Iran's Foreign Ministry spokesman, Bahram Qassem, said the country's missile test was not a signal to Donald Trump and was aimed at defense.

IIR reported that US oil refiners are expected to shut 1.295 million bpd of capacity in the week ending February 10<sup>th</sup>, reducing available refining capacity by 258,000 bpd from the previous week. IIR also reported that it expects offline capacity to increase to 1.371 million bpd in the week ending February 17<sup>th</sup>.

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

WTI - Mar \$52.13, down 88 cents

RBOB - Mar \$1.4830, down 2.69 cents

HO - Mar \$1.6131, down 2.13 cents

## All NYMEX | Prior Settlements

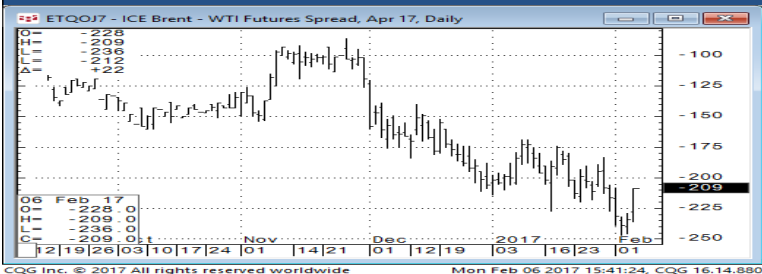
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-17	\$1.6352	-\$0.0299	0.0110
Apr-17	\$1.6452	-\$0.0285	0.0133
May-17	\$1.6547	-\$0.0274	0.0143
Jun-17	\$1.6641	-\$0.0267	0.0144
Jul-17	\$1.6742	-\$0.0264	0.0129
Aug-17	\$1.6832	-\$0.0260	0.0121
Sep-17	\$1.6925	-\$0.0257	0.0117
Oct-17	\$1.7019	-\$0.0252	0.0121
Nov-17	\$1.7112	-\$0.0246	0.0126
Dec-17	\$1.7194	-\$0.0237	0.0132
Jan-18	\$1.7272	-\$0.0232	0.0134
Feb-18	\$1.7294	-\$0.0227	0.0133
Mar-18	\$1.7240	-\$0.0226	0.0126
Apr-18	\$1.7104	-\$0.0225	0.0119
May-18	\$1.7039	-\$0.0222	0.0121
Jun-18	\$1.7014	-\$0.0219	0.0123

**Sprague HeatCurve Oct 2017-April 2018\*** \$1.7206

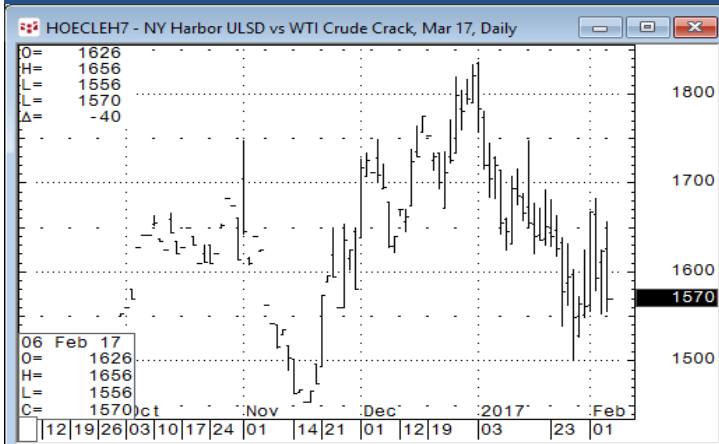
\* Degree Day weighted NYMEX strip (no differentials)

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$53.6300	-\$0.8400
Crude - Brent	WTI Spread	\$55.7200	-\$1.0900
Natural Gas	\$2.09	\$3.0500	-\$0.0130
Gasoline		\$1.5103	-\$4.3400

### ICE April WTI-Brent Spread



## March Heating Oil Crack Spread



## March RBOB Crack Spread

