

Market Commentary

Recap: Losses in oil prices were extended on Tuesday, as prices were weighed down by strength in the dollar, rising U.S. shale production and falling RBOB prices. In post settlement trading, and after the release of the API numbers, which showed a build of 14.2 million barrels in U.S. crude oil stocks, oil futures fell 54 cents, reaching a low of \$51.63 a barrel. Settlement was \$52.17, down 84 cents, or 1.58%. April Brent slipped to a low of \$54.63, down 1.9% in post settlement trading. This spot contract settled at \$55.05, down 67 cents, or 1.2%.

Traders have turned their focus back to U.S. gasoline stocks, which are approaching record levels. Tomorrow's inventory report is expected to show an increase of 1.1 million barrels in stockpiles. The March RBOB/WTI crack spread, which has been on a steady decline since the middle of January, fell to a low of \$9.97 on the day prior to trimming losses for a settlement at \$11.25. March RBOB 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 in Cushing, Oklahoma increased by 600,000 barrels to 64.7 million barrels in the week ending February 3rd.

Iraq's Oil Minister, Bijan Zanganeh, said OPEC should cut crude production a bit more in the second half of 2017. He also stated that all OPEC members agree that oil should be \$60/barrel. The EIA reported in its Short-Term Energy Outlook that global liquid fuels consumption is expected to increase by 1.62 million bpd to 98.09 million bpd in 2017 and by 1.46 million bpd to 99.55 million bpd in 2018. It also reported that OPEC production is expected to increase by 530,000 bpd to 39.55 million bpd in 2017 and by 660,000 bpd to 40.21 million bpd in 2018. US oil production is expected to increase by 100,000 bpd to 8.98 million bpd in 2017 and by 550,000 bpd to 9.53 million bpd in 2018. Meanwhile, US oil demand is estimated to increase by 260,000 bpd to 19.84 million bpd in 2017 and by 330,000 bpd to 20.17 million bpd in 2018. Gasoline demand is expected to remain unchanged at 9.29 million bpd in 2017 and increase by 70,000 bpd to 9.36 million bpd in 2018 while distillate demand is expected to increase by 80,000 bpd to 3.93 million bpd in 2017 and by 110,000 bpd to 4.04 million bpd in 2018.

The Trump administration has given its final approval to the Dakota Access Pipeline, according to a court filing issued on Tuesday. The US Army Corps of Engineers said that the department was planning to issue an outstanding easement under a river in North Dakota that was holding up construction of the oil pipeline.

Iraq's South Oil Co. said the country's Basra oil export terminal will stop loading operations for 24 hours, starting midnight Tuesday, for work to install a new pipeline feeding the facility. The terminal's loading capacity is estimated at around 1.8 million bpd.

According to cFlow, S&P Global Platts trade flow software, about 710,000 metric tons of distillates loaded from the US Gulf Coast has discharged or are set to discharge in Northwest Europe and the Mediterranean basin in February.

According to Bloomberg, preliminary US waterborne crude imports fell by 1.3 million bpd to 3.7 million bpd in the week ending February 2nd.

IHS reported that crude and refined product shipments from the US Gulf increased to 4.18 million metric tons on 99 ships in the week ending February 2nd.

Data from the US Census Bureau showed that US crude oil exports fell to 442,000 bpd in December compared with 597,000 bpd in November.

Early Market Call - as of 9:00 AM EDT

WTI - Mar \$51.71, down 46 cents

RBOB - Mar \$1.4852, down 21 points

HO - Mar \$1.6215, down 6 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-17	\$1.6221	-\$0.0131	-\$0.0087
Apr-17	\$1.6308	-\$0.0144	-\$0.0070
May-17	\$1.6394	-\$0.0153	-\$0.0064
Jun-17	\$1.6485	-\$0.0156	-\$0.0060
Jul-17	\$1.6585	-\$0.0157	-\$0.0072
Aug-17	\$1.6675	-\$0.0157	-\$0.0079
Sep-17	\$1.6772	-\$0.0153	-\$0.0077
Oct-17	\$1.6872	-\$0.0147	-\$0.0067
Nov-17	\$1.6973	-\$0.0139	-\$0.0056
Dec-17	\$1.7058	-\$0.0136	-\$0.0050
Jan-18	\$1.7143	-\$0.0129	-\$0.0042
Feb-18	\$1.7171	-\$0.0123	-\$0.0037
Mar-18	\$1.7121	-\$0.0119	-\$0.0040
Apr-18	\$1.6987	-\$0.0117	-\$0.0045
May-18	\$1.6925	-\$0.0114	-\$0.0040
Jun-18	\$1.6903	-\$0.0111	-\$0.0035

Sprague HeatCurve Oct 2017-April 2018* **\$1.7077**

* Degree Day weighted NYMEX strip (no differentials)

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$2.27	\$52.7800	-\$0.8500
Crude - Brent		\$55.0500	-\$0.6700
Natural Gas		\$3.1300	\$0.0800
Gasoline		\$1.4875	-\$0.0228

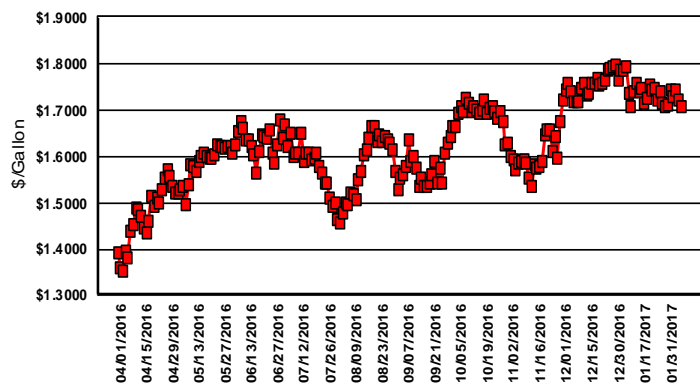
API Report for the Week Ending February 3, 2017

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Up 14.2 million barrels	Up 2.0/2.5 million barrels
Cushing, OK Crude Stocks	Up 624,000 barrels	Up 600,000/ 1 million barrels
Gasoline Stocks	Up 2.9 million barrels	Up 900,000/1.2 million barrels
Distillate Stocks	Up 1.4 million barrels	Up 500,000 /1.1 million barrels
Refinery % Operated		Unchanged/ down 0.4%

Sprague HeatCurve Winter 2017/18

Sprague HeatCurve October 2017 - April 2018

Degree Day Weighted



8-14 Day Weather Forecast

