



# MarketWatch | Refined Products

Monday, March 20, 2017

## Market Commentary

**Recap:** Oil futures finished close to unchanged, as they were unable to gain momentum on statements by the Saudi Oil Minister referencing a possible extension of the output cuts imposed by OPEC and non-OPEC members. The U.S. oil rig count, which rose by 14 to a total of 631, worked to keep a lid on prices. Activity was quiet, with both blends trading in a narrow range. April WTI settled up 3 cents to \$48.78 a barrel, ending the week's trading about 0.6 percent higher. May Brent settled at \$51.76 a barrel, up 2 cents on the day and up 0.75 on the week.

April RBOB finished up half a cent to \$1.599 a gallon—less than 0.1% lower for the week, while April heating oil rose less than half a penny to \$1.509 a gallon, ending the week up about 0.3%.

**Fundamental News:** According to Oil Movements, OPEC's oil shipments will increase by 270,000 bpd to 24.1 million bpd in the four week period ending April 1<sup>st</sup>.

Saudi Arabia's Oil Minister, Khalid Al-Falih, said OPEC and its allies may prolong production cuts after they expire in June if the world's crude inventories remain above the five year average. OPEC is scheduled to meet on May 25<sup>th</sup> to decide whether to continue its production cuts. He said the strategy is moving global markets in the "right direction" and fundamentals have improved considerably. He also stated that OPEC's partners are fully committed to cutting output. In the US, higher oil prices triggered by the OPEC agreement has prompted investment in the shale industry, potentially signaling another production boom that could undermine OPEC's goal of rebalancing the market. However, he stated that he has made it clear that excessive production out of shale plays cannot be absorbed by the global market.

The joint OPEC/non-OPEC technical committee estimates that OPEC members in February have delivered 106% of their pledged oil output cuts. An industry source said eleven non-OPEC producers that joined the agreement to cut production delivered 64% of promised cuts in February.

Russia's Energy Minister, Alexander Novak, said Russia will cut output by 300,000 bpd by the end of April and will maintain production at that level until the global oil output cut agreement expires at the end of June. Russia had cut output by 160,000 bpd by mid-March.

Baker Hughes reported that the number of rigs searching for oil in the US increased by 14 in the past week to 631.

The Interior Department is considering Eni's request to explore for oil in waters north of Alaska. Eni's exploration well would be in an area it previously leased from the federal government and is not covered by an executive order former President Barack Obama issued in December to block the sale of new drilling rights within parts of the Chukchi and Beaufort seas.

Energy Aspects reported that peak global refinery maintenance of 7.32 million bpd in March is weighing on physical grades, particularly light sweet crudes.

IIR reported that US oil refiners are expected to shut in 1.658 million bpd of capacity in the week ending March 17<sup>th</sup>, increasing refining capacity by 47,000 bpd on the week. IIR expects offline capacity to fall to 939,000 bpd in the week ending March 24<sup>th</sup> and to 732,000 bpd in the following week.

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

WTI - Apr \$48.05, down 74 cents

RBOB - Apr \$1.5878, down 1.08 cents

HO - Apr \$1.5004, down 82 points

## All NYMEX | Prior Settlements

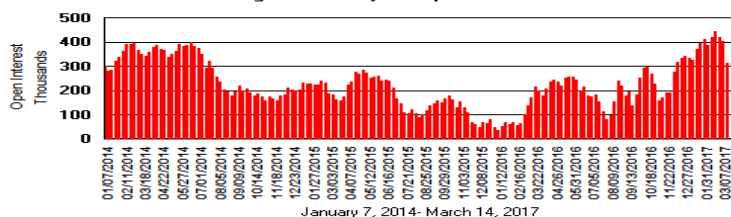
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-17	\$1.5085	\$0.0042	0.0049
May-17	\$1.5151	\$0.0041	0.0032
Jun-17	\$1.5226	\$0.0039	0.0019
Jul-17	\$1.5316	\$0.0037	0.0007
Aug-17	\$1.5429	\$0.0036	0.0004
Sep-17	\$1.5554	\$0.0037	0.0002
Oct-17	\$1.5673	\$0.0037	-0.0002
Nov-17	\$1.5775	\$0.0038	-0.0008
Dec-17	\$1.5856	\$0.0036	-0.0012
Jan-18	\$1.5942	\$0.0032	-0.0012
Feb-18	\$1.5986	\$0.0028	-0.0009
Mar-18	\$1.5971	\$0.0026	-0.0001
Apr-18	\$1.5884	\$0.0024	0.0004
May-18	\$1.5811	\$0.0023	0.0001
Jun-18	\$1.5769	\$0.0023	-0.0004
Jul-18	\$1.5776	\$0.0023	-0.0002

**Sprague HeatCurve Oct 2017-April 2018\*** \$1.5896

\* Degree Day weighted NYMEX strip (no differentials)

Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent- WTI Spread \$2.45	\$49.3100	\$0.0700
Crude - Brent		\$51.7600	\$0.0200
Natural Gas		\$2.9480	\$0.0460
Gasoline		\$1.5989	\$0.0047

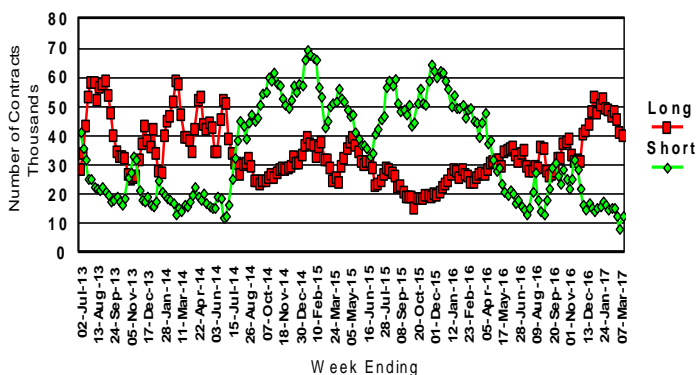
### WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending March 14th

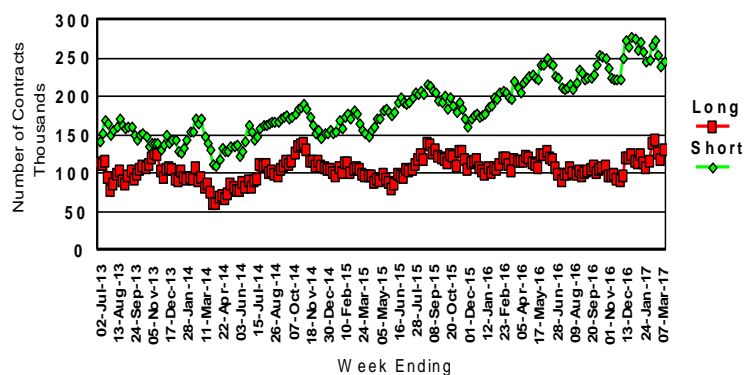
### Managed Money Heat Positons

CFTC Commitment of Traders Report



### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



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