

Market Commentary

Recap: The bullish mood from Friday failed to firmly take root in the new trading week. While the crude oil market opened Sunday slightly higher the products did not and by the early hours of Monday morning the crude and the products were all in negative territory and continued to trend lower until midday when prices finally found support and bounced back on some technical short covering that would erase nearly half of the morning's sell off. But the WTI crude oil market still finished the day down for the third time out of the last four trading sessions, today down 68 cents from Friday. The April RBOB and the heating oil contracts were off 1.03 cents and 2.19 cents per gallon respectively.

We would look for this market tomorrow to basically remain mired in its sideways trading pattern which has been demonstrated so far this month being contained for the most part between \$60-\$63.00. We see more immediate resistance in the April WTI contract tomorrow at \$62.33, \$62.48 and \$62.60. More significant resistance would be a settle above the 50 day moving average which tonight is found at \$62.74. Support we see at \$60.37 followed by \$60.30, \$59.95 and \$58.95.

Fundamental News: Norwegian employers and labor unions started four weeks of wage talks on Monday to stave off strikes that risk impacting the country's crude output. If initial talks break down, a state-appointed mediator will attempt to broker a deal in the final days leading up to an April 7th deadline, after which most workers are allowed to go on strike unless an agreement is signed. While Norway's production of oil and natural gas is unlikely to be targeted from the start since the contract for rig workers is valid until June, unions may still hit the sector by shutting down yards and other suppliers. Onshore processing and export facilities for natural gas are also at risk of strike, while offshore oil production workers could become involved in any extended strike.

The Iranian oil minister on Sunday said OPEC could agree in June to begin easing current oil production curbs in 2019. He said that Iran wanted OPEC to work to keep oil prices around \$70 a barrel to contain U.S. shale oil production. He noted that if the price jumps to around \$70 per barrel it will motivate more production in shale oil in the United States." He reported that Iran currently is producing 3.8 million b/d of crude oil and Iran could produce about 100,000 b/d more.

BMO Capital Markets stated that crude prices have moved into a new higher trading range, while the downside risk has declined. Its 2018 WTI forecast was raised to \$61/barrel from \$52.25/barrel and its Brent forecast was increased to \$65/barrel from \$58/barrel.

According to the EIA's monthly productivity report, US crude oil production from major shale formations in April is expected to increase by 131,000 bpd on the month to a record high of 6.95 million bpd. The expected increase, which will surpass the 105,000 bpd gain in March, is mainly driven by gains in Permian and Eagle Ford shale production

IIR reported that US oil refiners are expected to shut in 968,000 bpd of capacity in the week ending March 16th, increasing available refining capacity by 226,000 bpd from the previous week. IIR expects offline capacity to fall to 931,000 bpd in the week ending March 23rd.

Early Market Call - as of 8:30 AM EDT

WTI - Apr \$60.86 down 50 cents
 RBOB - Apr \$1.8677 down 2.63 cents
 HO - Apr \$1.8551 down 96 points

All NYMEX | Prior Settlements

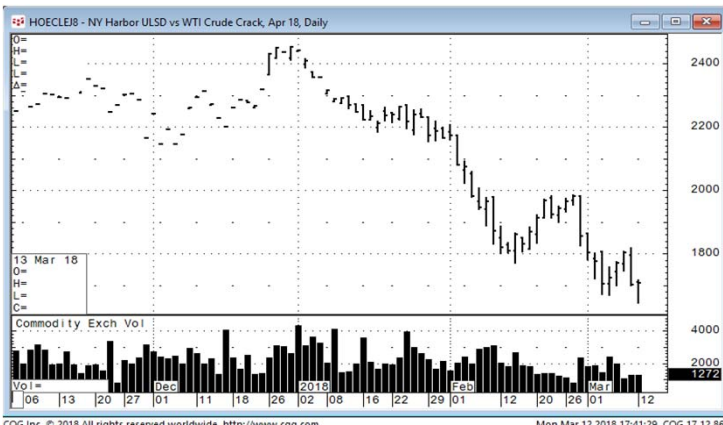
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-18	\$1.8647	-\$0.0219	-\$0.0320
May-18	\$1.8687	-\$0.0213	-\$0.0330
Jun-18	\$1.8746	-\$0.0192	-\$0.0286
Jul-18	\$1.8803	-\$0.0181	-\$0.0235
Aug-18	\$1.8846	-\$0.0170	-\$0.0195
Sep-18	\$1.8891	-\$0.0162	-\$0.0169
Oct-18	\$1.8933	-\$0.0154	-\$0.0148
Nov-18	\$1.8965	-\$0.0147	-\$0.0128
Dec-18	\$1.8975	-\$0.0140	-\$0.0123
Jan-19	\$1.8996	-\$0.0138	-\$0.0113
Feb-19	\$1.8993	-\$0.0137	-\$0.0093
Mar-19	\$1.8942	-\$0.0134	-\$0.0071
Apr-19	\$1.8797	-\$0.0135	-\$0.0059
May-19	\$1.8692	-\$0.0142	-\$0.0072
Jun-19	\$1.8621	-\$0.0142	-\$0.0078
Jul-19	\$1.8610	-\$0.0138	-\$0.0076
Aug-19	\$1.8634	-\$0.0134	-\$0.0064
Sep-19	\$1.8689	-\$0.0130	-\$0.0055

	Close	Change
Crude - WTI	\$61.3300	-\$0.5900
Crude - Brent	\$64.9500	-\$0.5400
Natural Gas	\$2.7780	\$0.0460
Gasoline	\$1.8940	-\$0.0103

ICE May WTI-Brent Spread



April Heating Oil Crack Spread



April RBOB Crack Spread

