



MarketWatch | Refined Products

Thursday, February 28, 2019

Market Commentary

Recap: Crude oil prices received a double boost on Wednesday after the EIA reported a steep drop in U.S. crude oil stocks and from suggestions by Saudi Arabia that OPEC's production cuts could be extended into the second half of 2019. The bullish EIA report showed U.S. crude oil inventories increased 8.6 million barrels, much larger than the expected 4 million barrel increase. April WTI rose by as much as 3.4 percent to a session high of \$57.39 a barrel, while Brent for April delivery rose 2.2 percent, reaching a high of \$66.70 a barrel. Gains were slightly pared with April WTI settling at \$56.94 a barrel, up \$1.44, or 2.59%, while April Brent gained \$1.18, or 1.81%, to settle at \$66.39 a barrel. March RBOB rose 3% to \$1.634 a gallon and March heating tacked on 1.2% to \$2.022 a gallon.

Technical Analysis: WTI held below significant resistance set at \$57.50, while moving oscillators continue to trend sideways in over bought territory. Given this scenario, we would expect continued sideways activity. Should the spot contract break above \$57.50, the next level of resistance is set at the 200-day moving average of \$59.28. To the downside, support is \$55.00 and below that at \$53.96.

Fundamental News: Saudi Energy Minister Khalid al-Falih said on Wednesday that OPEC and its partners are "taking it easy" as they take a slow and measured approach to boost oil prices. The oil minister said oil producers are interested in market stability first and foremost. He said the kingdom plans further curbs in its production in March.

OPEC's Secretary General said on Wednesday that President Trump was welcome to join a dialogue on balancing supply and demand in the global oil market. He said the United States, as the world's biggest oil producer, has a strategic stake in supply and demand globally.

Venezuela's Oil Minister on Wednesday claimed that its oil production and exports are not diminished by U.S. sanctions on the country. He claimed that production is currently at 1.5 million b/d and exports are at 1.2 million b/d.

Russia's Energy Ministry plans to meet domestic oil companies on March 1st to discuss a deal between OPEC and other leading global oil producers to reduce production.

Reuters reported that workers at Libya's El Sharara oilfield are ready to resume production with an initial output of 80,000 b/d but are still waiting for approval from state oil firm NOC. The 315,000 b/d oil field has been closed since December. A spokesman for Libya's National Oil Corp said that there was no technical obstacle to restarting the oilfield but added that security was the issue.

Lundin Petroleum said it expects its Norwegian Luno II oilfield which will start production in 2021 will have a gross plateau production of 20,000-30,000 b/d.

Bloomberg reported that oil producers in Alberta have found a way around production limits recently imposed upon them by the provincial government.

Ecuador reportedly is producing some 536,000 b/d, some 508,000 b/d above its OPEC+ production quota.

Nigeria's state oil company NNPC said the country's current oil production stands at about 1.8 million bpd, in addition to 400,000 bpd of condensates.

IIR Energy reported that US oil refiners are expected to shut in 1.41 million bpd of capacity in the week ending March 1st, increasing available refining capacity by 433,000 bpd from the previous week. IIR expects offline capacity to fall to 1.01 million bpd in the week ending March 8th.

Early Market Call - as of 8:05 AM EDT

WTI - Apr \$56.95, up 1 cent
 RBOB - Mar \$1.6333, down 7 points
 HO - Mar \$2.0219, up 3 points

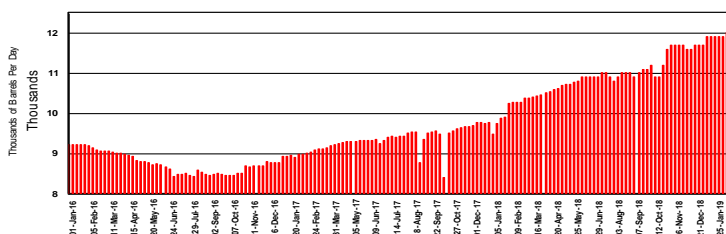
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-19	\$2.0216	\$0.0231	-\$0.0147
Apr-19	\$2.0221	\$0.0240	-\$0.0126
May-19	\$2.0180	\$0.0236	-\$0.0140
Jun-19	\$2.0156	\$0.0234	-\$0.0148
Jul-19	\$2.0192	\$0.0234	-\$0.0148
Aug-19	\$2.0263	\$0.0237	-\$0.0137
Sep-19	\$2.0366	\$0.0236	-\$0.0127
Oct-19	\$2.0458	\$0.0232	-\$0.0124
Nov-19	\$2.0538	\$0.0228	-\$0.0125
Dec-19	\$2.0608	\$0.0225	-\$0.0126
Jan-20	\$2.0669	\$0.0224	-\$0.0122
Feb-20	\$2.0678	\$0.0223	-\$0.0114
Mar-20	\$2.0643	\$0.0221	-\$0.0106
Apr-20	\$2.0533	\$0.0217	-\$0.0098
May-20	\$2.0447	\$0.0214	-\$0.0103
Jun-20	\$2.0397	\$0.0211	-\$0.0114
Jul-20	\$2.0402	\$0.0209	-\$0.0117

Sprague HeatCurve Oct 2019-Apr 2020		\$2.0614	
Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$56.9400	\$1.4400
Crude - Brent	WTI Spread	\$66.3900	\$1.1800
Natural Gas	\$9.45	\$2.7990	\$0.0030
Gasoline		\$1.6340	\$0.0477

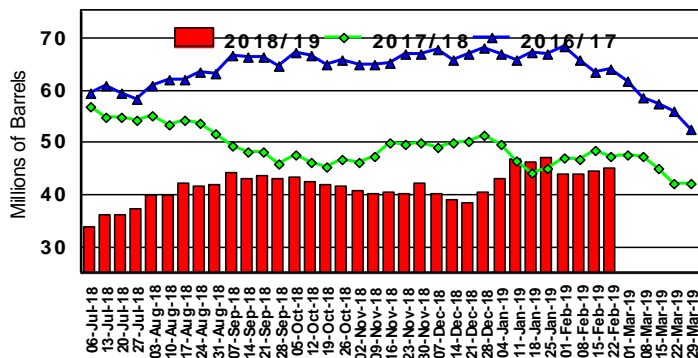
EIA Working Gas Storage Report

U.S. Domestic Crude Production



Weekly EIA Petroleum Status Report for the Week Ending February 22, 2019

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 8.647 million barrels
 Cushing, OK Crude Stocks Up 1.628 million barrels
Gasoline Stocks Down 1.906 million barrels
Distillate Stocks Down 304,000 barrels
Refinery % Operated 87.1%, Up 1.2%

PADD #1

	Week Ending Feb 22, 2019	Week Ending Feb 15, 2019	Week Ending Feb 23, 2018
Distillate Stocks (in million bbls)			
New England	8.4	8.1	8.1
Central Atlantic	24.7	23.6	27.1
Total PADD #1	45.0	44.4	47.3
Distillate Imports (thousands b/d)	317	412	183

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