

Market Commentary

Recap: Oil prices appear to have hit a level of exhaustion after Monday's higher high and lower close, followed by Tuesday's lower high. However, this does not indicate that additional upside movement is out of the picture, but merely a bout of minor profit-taking. Rising U.S. production continues to cause concern on the upside, while tensions in the Middle East lend support.

For the second straight day, May Brent briefly breached the \$71 level, while May WTI topped \$66. What was setting up to be an inside trading session was quickly erased by the post-settlement selloff. Prices were trading near the lows of the day, when a rush of selling entered the market as equities took a dive and the dollar rebounded. Brent for May delivery settled sat \$70.11 a barrel, down 1 cent, or 0.01%, while May WTI closed at \$65.25 a barrel, down 30 cents, or 0.50%.

April RBOB traded flat at \$2.0135 a gallon, up .0031, while April heating oil ended up 0.5% at \$2.0224 a gallon, up .0074.

Fundamental News: According to Bloomberg, crude oil stock held in Cushing, Oklahoma are estimated to have increased by 1 million barrels to 30.4 million barrels in the week ending March 23rd.

Bloomberg reported that preliminary US waterborne crude imports increased by 917,800 bpd to 4.74 million bpd in the week ending March 22nd. Imports into the East and Gulf Coasts increased by 187,800 bpd and 1.15 million bpd, respectively. Shipments to the West Coast fell by 422,600 bpd to 931,300 bpd.

Genscape reported that pipeline flows on monitored lines out of West Texas increased to 1.649 million bpd in the week ending March 23rd, reaching the highest weekly average on record. Inventories in West Texas fell by 14,000 bpd on the week to 15.025 million barrels, the first decline in seven weeks.

Barclays stated that the global oil market supply deficit of the past couple of quarters is expected to give way to a surplus, driven largely by strong growth in US tight oil supply. Iraq's oil exports could fall by over 300,000 bpd in April due to maintenance on one of the country's four single-point moorings in the Persian Gulf. The oil ministry will carry out maintenance work at SPM-3, one of the operating single-point moorings connected to Iraq's key southern export infrastructure. Without the pumping capacity to divert crude to the other SPMs, or to the Basra and Khor al-Amaya oil terminals, production will have to be reduced while the repairs take place.

The acting director-general of Iraq's SOMO, Alaa al-Yasiri, said the country will start Kirkuk oil exports to Iran in a week or two. Shipments will start at 30,000 bpd. Separately, he stated that Iraq is studying the possibility of building crude oil storage facilities in South Korea and Japan as part of a plan to increase sales to Asian markets.

According to analysis from Bloomberg New Energy Finance, as the adoption of electric vehicles becomes faster and more widespread, the impact of electric vehicles on oil demand is increasing. Passenger electric vehicles sales exceeded 1 million for the first time in 2017 and are expected to increase over 1.5 million this year. It expects the global fleet of passenger electric vehicles to displace 46,000 bpd of fuel in 2018, 84% of which will be gasoline. It forecast that fuel displaced by Chinese passenger electric vehicles will exceed that of the US in 2018. Globally, in 2017 the total displacement of gasoline and diesel by passenger electric vehicles and e-buses exceeded 200,000 bpd for the first time. Bloomberg expects this to increase to 280,000 bpd in 2018.

Early Market Call - as of 9:00 AM EDT

WTI - Apr \$64.69, down 55 cents
RBOB - Apr \$2.0142, up 9 points

All NYMEX | Prior Settlements

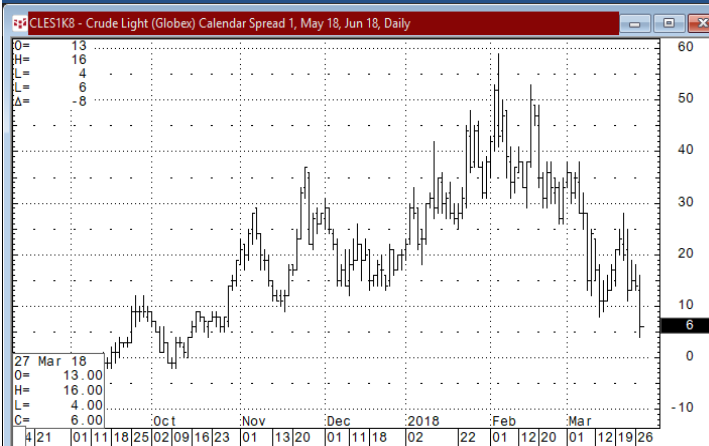
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-18	\$2.0224	\$0.0074	\$0.0729
May-18	\$2.0242	\$0.0062	\$0.0712
Jun-18	\$2.0247	\$0.0043	\$0.0697
Jul-18	\$2.0242	\$0.0033	\$0.0687
Aug-18	\$2.0237	\$0.0025	\$0.0681
Sep-18	\$2.0253	\$0.0019	\$0.0685
Oct-18	\$2.0259	\$0.0014	\$0.0678
Nov-18	\$2.0251	\$0.0007	\$0.0672
Dec-18	\$2.0225	\$0.0002	\$0.0662
Jan-19	\$2.0218	\$0.0001	\$0.0650
Feb-19	\$2.0181	-\$0.0003	\$0.0639
Mar-19	\$2.0080	-\$0.0006	\$0.0619
Apr-19	\$1.9900	-\$0.0006	\$0.0606
May-19	\$1.9782	\$0.0003	\$0.0603
Jun-19	\$1.9731	\$0.0010	\$0.0634
Jul-19	\$1.9728	\$0.0012	\$0.0646
Aug-19	\$1.9730	\$0.0016	\$0.0644
Aug-19	\$1.9759	\$0.0012	\$0.0634

Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent- WTI Spread	\$65.2500	-\$0.3000
Crude - Brent	WTI Spread	\$70.1100	-\$0.0100
Natural Gas	\$4.86	\$2.6910	\$0.0730
Gasoline		\$2.0135	\$0.0031

API Report for the Week Ending March 23, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Up 5.3 million barrels	Up 1 million barrels
Cushing, OK Crude Stocks	Up 1.7 million barrels	Up 1 million barrels
Gasoline Stocks	Down 5.8 million barrels	Down 2 million barrels
Distillate Stocks	Down 2.2 million barrels	Down 1.9 million barrels
Refinery Runs	Up 310,000 bpd	Down 0.4% at 91.3%

NYMEX May-June WTI Spread



NYMEX April-May Heating Oil Spread

