

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market remained in its sideways trading pattern on Thursday and ended the session in positive territory for the second consecutive day. The market posted a low of \$60.82 in overnight trading but bounced off that level and rallied to a high of \$61.54 in early morning trading, in tandem with the equities market. The oil market later erased some of its gains and traded sideways as traders weighed signs of increasing global oil demand and increasing US shale production. The April WTI contract settled up 23 cents at \$61.19 while the May Brent contract settled up 23 cents at \$65.12. The product markets also ended the session in positive territory, with the heating oil market settling up 58 points at \$1.8929 and the RBOB market settling up 5 points at \$1.9248.

Fundamental News: In its monthly report, the IEA raised its estimate for global oil demand this year to 1.5 million bpd from a previous estimate of 1.4 million bpd and forecast supply would be lower than demand for the second quarter. The increase in the demand growth estimate was mainly due to stronger than previously expected growth in the OECD. Global oil demand this year is expected to total 99.3 million bpd, up from 97.8 million bpd in 2017. Meanwhile, it said world oil production had fallen in February to 97.94 million bpd from 98.02 million bpd in January. OPEC's output fell by 70,000 bpd to 32.1 million bpd in February. Lower OPEC output was offset by an increase in US liquids production of 210,000 bpd between January and February, with the US producing 14.15 million bpd. The IEA kept in place its forecast of a 1.8 million bpd increase in non-OPEC oil production this year. It however raised the call on OPEC crude by 100,000 bpd to 32.14 million bpd in 2018.

The US EPA reported that the US generated 1.13 billion ethanol (D6) blending credits in February, down from 1.28 billion in January.

Bloomberg reported that OPEC's compliance with crude output cuts increased to a new record of 147% in February compared with a revised 137% in January.

Iran's Oil Minister, Bijan Zanganeh, said OPEC was unlikely to change its output cut agreement before the end of the year. He said Russia can pull out of the deal as it has made no commitment to OPEC to remain in the agreement until the end of 2018. He also added that OPEC can also change its decision but doubts that they will. He also stated that Iran wanted OPEC to work to keep oil prices at around \$60/barrel to contain US shale oil production, adding that Iran could produce about 100,000 bpd more.

Russia's Energy Minister, Alexander Novak, said he will evaluate global oil output cut options by June depending on the oil market situation.

Azerbaijan's Energy Minister, Parviz Shahbazov, said the country would support an extension of the OPEC and non-OPEC output cut agreement. He hopes OPEC and non-OPEC producers will also vote for that when it holds a meeting in June.

North Dakota's Public Service Commission approved a project by Cenex Pipeline to upgrade a portion of a refined fuels pipeline in northwest North Dakota that was built in 1960. The company still needs to get landowners easements along about one-fourth of the route.

In February, PDVSA and its joint ventures sent 21 cargoes to the US, half the number it exported in recent years, with a total of 378,643 bpd of crude. The exports were 21% lower than in January and 43% below the volume shipped in February. Venezuela's crude output fell 10% in February to 1.586 million bpd, its lowest volume since the 1950s.

Early Market Call - as of 9:00 AM EDT

WTI - Apr \$61.33, up 14 cents
 RBOB - Apr \$1.9231, down 18 points
 HO - Apr \$1.8970, up 42 points

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-18	\$1.8929	\$0.0058	\$0.0338
May-18	\$1.8977	\$0.0059	\$0.0355
Jun-18	\$1.9012	\$0.0071	\$0.0374
Jul-18	\$1.9029	\$0.0071	\$0.0370
Aug-18	\$1.9039	\$0.0066	\$0.0361
Sep-18	\$1.9052	\$0.0057	\$0.0344
Oct-18	\$1.9069	\$0.0047	\$0.0336
Nov-18	\$1.9081	\$0.0037	\$0.0329
Dec-18	\$1.9081	\$0.0031	\$0.0326
Jan-19	\$1.9097	\$0.0029	\$0.0325
Feb-19	\$1.9086	\$0.0022	\$0.0323
Mar-19	\$1.9028	\$0.0015	\$0.0323
Apr-19	\$1.8883	\$0.0011	\$0.0326
May-19	\$1.8779	\$0.0009	\$0.0321
Jun-19	\$1.8708	\$0.0011	\$0.0318
Jul-19	\$1.8693	\$0.0011	\$0.0318
Aug-19	\$1.8707	\$0.0011	\$0.0312
Sep-19	\$1.8756	\$0.0011	\$0.0306

		Close	Change
Crude - WTI	May Brent-WTI Spread \$3.87	\$61.2500	\$0.2300
Crude - Brent		\$65.1200	\$0.2300
Natural Gas		\$2.6810	-\$0.0500
Gasoline		\$1.9248	\$0.0005

EIA Natural Gas Storage Report

EIA Weekly Report				
	09-Mar-28	02-Mar-28	Change	Year Ago
East	314	359	-45	373
Midwest	350	380	-30	560
Mountain	93	97	-4	137
Pacific	169	177	-8	203
South Central	606	612	-6	976
Salt	186	189	-3	325
Nonsalt	420	423	-3	652
Total	1,532	1,625	-93	2,250

ICE May WTI-Brent Spread

8-14 Day Weather Forecast

