

Market Commentary

Recap: The oil market continued to trend higher on Wednesday and traded to its highest level since late 2014 amid rising tensions in the Middle East. The market opened up 8 cents at \$65.59 and posted a low of \$65.15 as it gave up some of Tuesday's sharp gains. However, the market bounced off that level and traded higher after US President Donald Trump threatened to fire missiles at Syria in response to a suspected chemical attack last week. The crude market later rallied to a high of \$67.45, the highest level since December 3, 2014, on reports of missile interceptions in Saudi Arabia. The concern over the conflicts in the Middle East outweighed the relatively bearish EIA report, which showed a large build in crude stocks of over 3.3 million barrels on the week and an increase in US oil production to a new record level of 10.525 million bpd. The crude market later retraced some of its gains and settled in a sideways trading pattern during the remainder of the session. The May WTI contract settled up \$1.31 at \$66.82 while the June Brent contract settled up \$1.02 at \$72.06. The product markets ended the session more than 2 cents higher, with the heating oil market settling up 2.79 cents at \$2.0927 and the RBOB market settled up 2.67 cents at \$2.0676.

Fundamental News: US President Donald Trump warned Russia of imminent military action in Syria over a suspected poison gas attack, declaring that missiles will be coming and condemning Moscow for standing by Syria's President Bashar al-Assad. He was reacting to a warning from Russia on Tuesday that any US missiles fired at Syria over the deadly assault on a rebel enclave would be shot down and the launch sites targeted.

Saudi Arabia's Energy Minister, Khalid al-Falih, said the country will not allow another supply glut surface but also stated that the country does not want oil prices to rise to "unreasonable levels." Speaking on the sidelines of the International Energy Forum, he stated that OPEC members are seeking a close balance between supply and demand. He also stated that he was happy with the current state of the oil market.

OPEC's Secretary General, Mohammad Barkindo, said inventories are over the 5-year average and added that OPEC still has work to do. He added that OPEC will monitor and evaluate market conditions, especially the impact of rebalancing the market. OPEC remains cautiously optimistic that the inventories will fall to the 5-year average. OPEC's Secretary General said compliance on OPEC's supply cuts has been over 100% for February and will likely surpass February's level in March.

Iran's Oil Minister, Bijan Zanganeh, said that \$60/barrel is a good price for oil currently as the market should avoid volatility. He said Brent crude oil trading at \$70/barrel is too high.

The IEA's Executive Director, Fatih Birol, said global oil supply remains a concern amid OPEC and Russian-led output reductions as production continues to fall from maturing oilfields. He also said another concern is the halving of Venezuela's oil production since 1999. Separately, he stated that the US is expected to bring 4 million bpd additional production in the next few years. He said two-thirds of global demand will be met by the US over the next five years. He added that if prices increase again, a second wave of shale oil will come.

The US Energy Department said the US is on course to become the world's largest crude producer.

IIR reported that US oil refiners are estimated to have shut in 1.269 million bpd of capacity in the week ending April 13th, decreasing available refining capacity by 425,000 bpd on the week. IIR expects offline capacity to increase to 1.407 million bpd in the week ending April 20th.

Early Market Call - as of 7:30 AM EDT

WTI - May \$66.69, down 13 cents
 RBOB - May \$2.0540, down 1.33 cents
 HO - May \$2.0890, down 39 points

All NYMEX | Prior Settlements

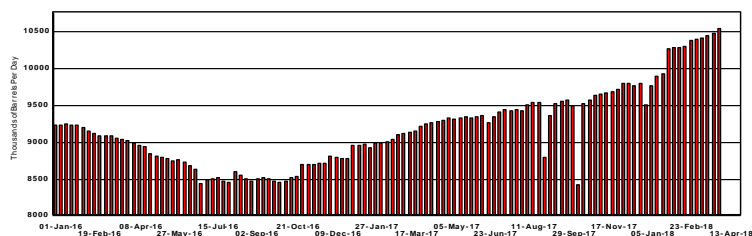
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-18	\$2.0927	\$0.0279	\$0.1154
Jun-18	\$2.0830	\$0.0277	\$0.1088
Jul-18	\$2.0753	\$0.0278	\$0.1035
Aug-18	\$2.0715	\$0.0278	\$0.1013
Sep-18	\$2.0713	\$0.0274	\$0.0992
Oct-18	\$2.0694	\$0.0265	\$0.0959
Nov-18	\$2.0671	\$0.0257	\$0.0926
Dec-18	\$2.0643	\$0.0251	\$0.0901
Jan-19	\$2.0623	\$0.0247	\$0.0876
Feb-19	\$2.0562	\$0.0242	\$0.0841
Mar-19	\$2.0432	\$0.0240	\$0.0801
Apr-19	\$2.0259	\$0.0239	\$0.0788
May-19	\$2.0134	\$0.0232	\$0.0752
Jun-19	\$2.0032	\$0.0226	\$0.0695
Jul-19	\$2.0003	\$0.0219	\$0.0662
Aug-19	\$1.9999	\$0.0217	\$0.0649
Sep-19	\$2.0025	\$0.0211	\$0.0635

Sprague HeatCurve Oct 2018-April 2019 \$2.0564

Other Front Month NYMEX	Close	Change
Crude - WTI	\$66.7400	\$1.3000
Crude - Brent	\$72.0600	\$1.0200
Natural Gas	\$2.6750	\$0.0190
Gasoline	\$2.0676	\$0.0267

June Brent-WTI Spread \$5.32

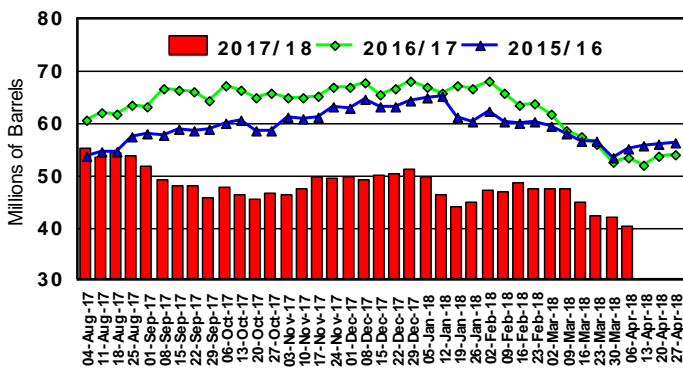
U.S. Domestic Crude Production



EIA Weekly Petroleum Status Report for the Week Ending April 6, 2018

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 3.306 million barrels
 Cushing, OK Crude Stocks Up 1.129 million barrels
Gasoline Stocks Up 458,000 barrels
Distillate Stocks Down 1.044 million barrels
Refinery % Operated 93.5%, Up 0.5%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Apr 06, 2018	Week Ending March 30, 2018	Week Ending Apr 07, 2017
New England	5.9	6.1	8.0
Central Atlantic	22.2	23.5	32.1
Total PADD #1	40.1	42.0	53.4
Distillate Imports (thousands b/d)	122	82	117