

## Market Commentary

**Recap:** The absence of new fundamentals in the world of oil fostered additional retreats from last week's move to a three year high. After opening slightly above unchanged, May WTI reversed to the downside, and slipped below \$66.00 a barrel for the first time in almost a week. After traders locked in slight profits, focus shifted to this week's inventory report, which is expected to show a draw of 1.4 million barrels in U.S. crude oil stocks. Prices recouped their losses, finishing the session higher on the day. May WTI settled at \$66.52 a barrel, up 30 cents, or 0.45%, while June Brent finished up 16 cents, or 0.22%, to settle at \$71.58 a barrel. May RBOB rose less than 0.1% to \$2.041 a gallon, while May heating oil fell 0.6% to \$2.057 a gallon.

Today's market activity pushed the soon to expire May/June WTI spread back into contango market conditions, which is generally viewed as a bearish signal. This will put the focus on stockpiles held at Cushing. Should stocks held there increase, we will most likely see this spread further deteriorate.

**Fundamental News:** The IEA's Executive Director, Fatih Birol, said oil prices are near levels that could prove harmful to OPEC and other producers as global markets tighten and a major supply crisis looms in Venezuela. He said a significant price increase could result in weakening global oil-demand growth.

According to Bloomberg, crude oil stocks held in Cushing, Oklahoma are expected to have fallen by 650,000 barrels to 35.37 million barrels in the week ending April 13<sup>th</sup>.

Canada's intra-provincial dispute over Kinder Morgan's Trans Mountain pipeline escalated as Alberta threatened to cut off fuel shipments to British Columbia. On Monday, Alberta introduced legislation allowing it to halt exports of oil and gas to British Columbia, increasing pressure on the coastal province to drop its opposition to the pipeline expansion. The legislation comes a day after Alberta's Premier Rachel Notley and Prime Minister Justin Trudeau failed to dissuade British Columbia's Premier John Horgan from his battle against the project. The legislation Alberta introduced would allow the province's energy minister to require companies to obtain permits to export crude oil, natural gas and refined products such as gasoline. The minister would also be able to approve or reject those applications based on pipeline capacity, the availability of supplies available to Alberta and any other matters considered relevant. The legislation would allow the province to cut off exports within days of making a decision to do so.

According to US customs data compiled by Bloomberg, preliminary US waterborne crude imports fell by 953,400 bpd to 4.59 million bpd in the week ending April 13<sup>th</sup>. Imports into the East and West Coasts increased by 71,200 bpd and 112,100 bpd, respectively. Shipments into the Gulf fell by 1.14 million bpd to 2.49 million bpd.

Genscape reported that US crude oil exports in March averaged 1.53 million bpd, down from 1.671 million bpd in February, which was the second-highest monthly export average since the export ban was lifted in December 2015.

Planned work underway on some of the oil sands upgraders is cutting production. Husky said it will operate its 25,000 bpd upgrader in Lloydminster, Alberta, at 70% during most of the second quarter as it performs planned work. Suncor is performing maintenance this quarter at its oil sands base plant #1 upgrader, cutting about 62,000 bpd of production. Suncor's forecasted oil sands production is expected to range from 425,000 bpd to 455,000 bpd in the quarter. Throughout the year, some production deficit will be filled as Suncor's Fort Hill upgrader ramps up to 50,000 bpd to 60,000 bpd throughout the year.

**Early Market Call - as of 8:25 AM EDT**

WTI - May \$67.72, up \$1.20

RBOB - May \$2.06, up 1.92 cents

HO - May \$2.0819, up 2.44 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-18	\$2.0571	-\$0.0132	-\$0.0077
Jun-18	\$2.0527	-\$0.0085	\$0.0708
Jul-18	\$2.0507	-\$0.0044	\$0.0694
Aug-18	\$2.0500	-\$0.0022	\$0.0686
Sep-18	\$2.0518	-\$0.0011	\$0.0681
Oct-18	\$2.0522	-\$0.0003	\$0.0675
Nov-18	\$2.0517	-\$0.0001	\$0.0672
Dec-18	\$2.0494	-\$0.0004	\$0.0665
Jan-19	\$2.0481	-\$0.0003	\$0.0655
Feb-19	\$2.0428	\$0.0000	\$0.0638
Mar-19	\$2.0304	\$0.0010	\$0.0612
Apr-19	\$2.0126	\$0.0018	\$0.0582
May-19	\$1.9994	\$0.0029	\$0.0521
Jun-19	\$1.9894	\$0.0041	\$0.0468
Jul-19	\$1.9871	\$0.0045	\$0.0453
Aug-19	\$1.9874	\$0.0051	\$0.0449
Sep-19	\$1.9912	\$0.0060	\$0.0441

**Sprague HeatCurve Oct 2018-April 2019 \$2.0422**

Other Front Month NYMEX		Close	Change
Crude - WTI	June Brent-	\$66.5100	\$0.3100
Crude - Brent	WTI Spread		
Natural Gas	\$5.07	\$2.7380	-\$0.0140
Gasoline		\$2.0412	\$0.0013

## API Report for the Week Ending April 13, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Down 1 million barrels	Down 1.4 million barrels
Cushing, OK Crude Stocks	Down 1 million barrels	Down 650,000 barrels
Gasoline Stocks	Down 2.5 million barrels	Down 200,000/1.9 million barrels
Distillate Stocks	Down 854,000 barrels	Down 300,000/1.6 million barrels
Refinery Runs	Down 35,000 bpd	Up 0.1% 93.6%

## NYMEX May-June WTI Spread



## NYMEX May-June Heating Oil Spread

