

Market Commentary

All NYMEX | Prior Settlements

Recap: In a knee jerk reaction to the EIA report, which showed draws in U.S. gasoline and distillate inventories, WTI rose to fresh session highs, with the May contract peaking the session at \$65.13 a barrel. The rally was short lived, lasting only 5 minutes, as traders began to reflect on the entire report, which indicated a build of 1.64 million barrels in total crude oil stocks and a build of 1.8 million barrels in stockpiles held at Cushing, OK. Last week marked a sharp increase in crude oil imports, which were said to be at 1.1 million barrels per day. Adding to the slippage were falling equities and a rising dollar. May WTI slipped as much as 2.3%, to a low of \$63.72, while Brent for May delivery fell 1.9%, hitting a low of \$68.78. Losses were pared prior to settlement, with May WTI finishing the session at \$64.38 a barrel, down 87 cents, or 1.33%, while Brent for May delivery settled at \$69.53 a barrel, down 58 cents, or 0.83%. U.S. crude's discount to Brent widened to as much as \$5.22, the biggest since Jan. 24. April RBOB ended at \$2.012 a gallon, down 0.1%, while April heating oil slid 0.4% to \$2.015 a gallon.

Fundamental News: OPEC's Secretary General, Mohammad Barkindo, said OPEC is seeking "very long-term" cooperation with other crude exporters. He was commenting on news that Saudi Arabia and Russia were working on a long-term pact that could extend controls over world crude supplies by major exporters for up to 20 years. He also stated that OPEC was evaluating the impact of the supply pact to determine the appropriate action when it expired. In addition, he said investment in the oil industry was increasing as oil prices recovered but had not yet reached the level before the downturn in 2014.

A Kremlin spokesman said Russia and Saudi Arabia have been discussing a "wide range of options" on cooperation in the global oil market.

Iraq's Oil Minister, Jabar al-Luaibi, said a number of oil exporting countries have suggested a six month extension to the oil output cut deal agreed by OPEC and non-OPEC producers. He did not say which countries have suggested a six month extension of the agreement. Iraq's Oil Minister also stated that the next OPEC meeting will decide on 2019 output and whether to extend the supply cuts or not.

Brazil's Petrobras completed a hedge to put a floor under prices for 128 million barrels of oil it will produce this year. The company said it purchased options in February and March based on Brent prices with an average cost of \$3.46 per day guaranteeing an average strike price of \$65/barrel.

Libya has fixed a leak on a pipeline at the Amal oilfield in the east of the country. There was no impact to production due to the leak.

Vitol is storing gasoline on tankers offshore Singapore for the first time since 2016 amid an oversupply and weak demand for the fuel.

IIR reported that US oil refiners are expected to have shut in 962,000 bpd of capacity in the week ending March 30th, cutting available refining capacity by 67,000 bpd from the previous week. IIR expects offline capacity to fall to 959,000 bpd in the week ending April 6th.

Diesel imports into Europe from the US and the East are expected to reach up to 2.6 million tons in April while March imports were pegged at 2.4 million tons.

According to shipping data, at least nine 80,000 and 90,000 ton tankers were booked in recent days to carry diesel from India and the Middle East to the Mediterranean and northwest Europe. The cargoes are expected to arrive in April.

Early Market Call - as of 8:30 AM EDT

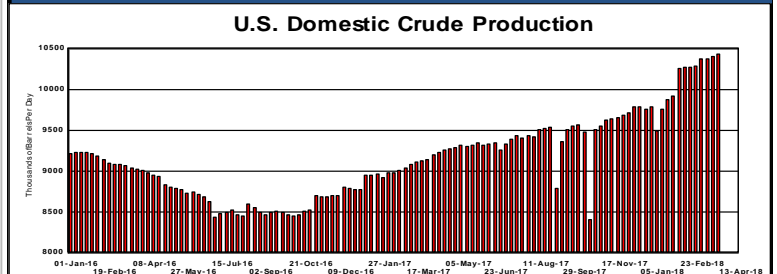
WTI - May \$64.22, down 16 cents

RBOB - Apr \$2.0052, down 46 points

HO - Apr \$1.9995, down 1.56 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-18	\$2.0148	-\$0.0076	\$0.0111
May-18	\$2.0139	-\$0.0103	\$0.0065
Jun-18	\$2.0116	-\$0.0131	\$0.0019
Jul-18	\$2.0101	-\$0.0141	-\$0.0003
Aug-18	\$2.0086	-\$0.0151	-\$0.0017
Sep-18	\$2.0098	-\$0.0155	-\$0.0019
Oct-18	\$2.0101	-\$0.0158	-\$0.0029
Nov-18	\$2.0095	-\$0.0156	-\$0.0036
Dec-18	\$2.0075	-\$0.0150	-\$0.0037
Jan-19	\$2.0071	-\$0.0147	-\$0.0035
Feb-19	\$2.0036	-\$0.0145	-\$0.0031
Mar-19	\$1.9940	-\$0.0140	-\$0.0023
Apr-19	\$1.9765	-\$0.0135	-\$0.0010
May-19	\$1.9657	-\$0.0125	\$0.0018
Jun-19	\$1.9616	-\$0.0115	\$0.0071
Jul-19	\$1.9616	-\$0.0112	\$0.0092
Aug-19	\$1.9619	-\$0.0111	\$0.0097
Sep-19	\$1.9653	-\$0.0106	\$0.0098

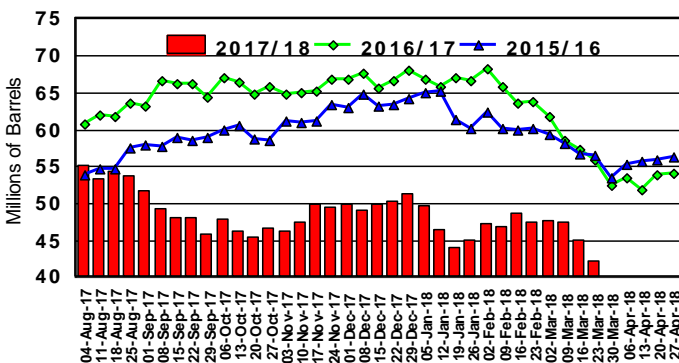
		Close	Change
Crude - WTI	May Brent-WTI Spread \$5.15	\$64.3800	-\$0.8700
Crude - Brent		\$69.5300	-\$0.5800
Natural Gas		\$2.6980	-\$0.0160
Gasoline		\$2.0116	-\$0.0019



EIA Weekly Petroleum Status Report for the Week Ending March 23, 2018

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.643 million barrels

Cushing, OK Crude Stocks Up 1.804 million barrels

Gasoline Stocks Down 3.472 million barrels

Distillate Stocks Down 2.09 million barrels

Refinery % Operated 92.3%, Up 0.6%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Mar 23, 2018	Week Ending March 16, 2018	Week Ending Mar 24, 2017
New England	6.0	6.7	8.8
Central Atlantic	25.3	27.4	33.0
Total PADD #1	42.2	44.9	55.9
(Distillate Imports (thousands b/d)	137	94	114