

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices headed lower early in the session on Wednesday, following a mixed move on Thursday. The ease came as the dollar strengthened amid expectations that U.S. crude oil inventories increased. Both blends fell to their lowest level in three days before diverting from one another. WTI continued to hold to the downside, with the April contract falling 11 cents, or .18%, to settle at \$61.68 a barrel, while Brent recaptured its losses, finishing the session at \$65.42 a barrel, up 17 cents, or .26%.

April RBOB tacked on 1 cent to end at \$1.9446 a gallon. April heating oil rose 0.6 cent to \$1.9321 a gallon.

Fundamental News: According to Bloomberg, crude oil stocks at the Cushing, Oklahoma storage hub are expected to fall by 2.5 million barrels in the week ending February 16th to 30.1 million barrels.

The IEA's executive director, Fatih Birol, said new non-OPEC supply may cover demand growth in 2019-2020. He said while consumption growth may be covered in the next two years, the market could subsequently be destabilized by a combination of higher demand, maturing fields and insufficient investments.

Bloomberg reported that preliminary US waterborne crude imports fell by 1.4 million bpd to 3.57 million bpd in the week ending February 15th. Imports into the West Coast increased by 219,800 bpd to 1.3 million bpd. Shipments to the East and Gulf Coasts fell by 150,300 bpd and 1.5 million bpd, respectively.

The Norwegian Petroleum Directorate reported that Norway's preliminary oil output increased in January to 1.613 million bpd of oil equivalent from 1.536 million bpd of oil in December.

Brazil's Petrobras produced 2.1 million bpd in January, down 1% on the month due to maintenance and an asset sale.

India's oil production in January fell about 3% on the year to 2.98 million tons, while its natural gas production fell by 1.6% on the year to 2.7 billion cubic meters. India's refinery output increased by 7.9% to 22.77 million tons.

IIR reported that US oil refiners are expected to shut in 1.471 million bpd of capacity in the week ending February 23rd, increasing available refining capacity by 29,000 bpd from the previous week. IIR expects offline capacity to fall to 1.144 million bpd in the week ending March 2nd.

Euroilstock reported that Europe's refinery output in January fell by 0.7% on the month but increased by 2.2% on the year to 11.303 million bpd. Europe's gasoline output increased by 0.2% on the month and by 4.7% on the year to 2.682 million bpd in January, while distillate output fell by 0.8% on the month but increased by 2.3% on the year to 5.867 million bpd and fuel oil output fell by 5.9% on the month and by 8% on the year to 1.162 million bpd in January. Europe's refinery crude intake in January increased by 0.2% on the month and by 3.4% on the year.

Libya plans to export at least 537,000 bpd from five ports in March.

Bank of America Merrill Lynch forecast an average Brent crude price of \$64/barrel in 2018, compared with a previous estimate of \$56/barrel. It expects Brent prices to pull back in 2019 to \$60/barrel as US supply responds and OPEC starts to unwind the output cut agreement. It sees Brent oil prices averaging \$50-\$70/barrel through 2023. It believes risks are skewed to the upside as petroleum markets are now in backwardation, a trend that may last for 2-3 more years.

Early Market Call - as of 9:00 AM EDT

WTI - Mar \$61.69, up 1 cents
 RBOB - Mar \$1.7515, down 53 points
 HO - Mar \$1.9295, down 25 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-18	\$1.9323	\$0.0046	\$0.0479
Apr-18	\$1.9321	\$0.0058	\$0.0498
May-18	\$1.9276	\$0.0053	\$0.0508
Jun-18	\$1.9221	\$0.0045	\$0.0512
Jul-18	\$1.9209	\$0.0043	\$0.0512
Aug-18	\$1.9203	\$0.0045	\$0.0514
Sep-18	\$1.9212	\$0.0044	\$0.0517
Oct-18	\$1.9213	\$0.0043	\$0.0511
Nov-18	\$1.9207	\$0.0044	\$0.0503
Dec-18	\$1.9190	\$0.0042	\$0.0491
Jan-19	\$1.9184	\$0.0042	\$0.0487
Feb-19	\$1.9147	\$0.0042	\$0.0481
Mar-19	\$1.9066	\$0.0038	\$0.0464
Apr-19	\$1.8899	\$0.0040	\$0.0445
May-19	\$1.8800	\$0.0041	\$0.0435
Jun-19	\$1.8734	\$0.0040	\$0.0404
Jul-19	\$1.8721	\$0.0043	\$0.0391
Aug-19	\$1.8733	\$0.0045	\$0.0384

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$61.5200	-\$0.0400
Crude - Brent	WTI Spread	\$65.4200	\$0.1700
Natural Gas	\$3.90	\$2.6590	\$0.0430
Gasoline		\$1.7573	\$0.0070

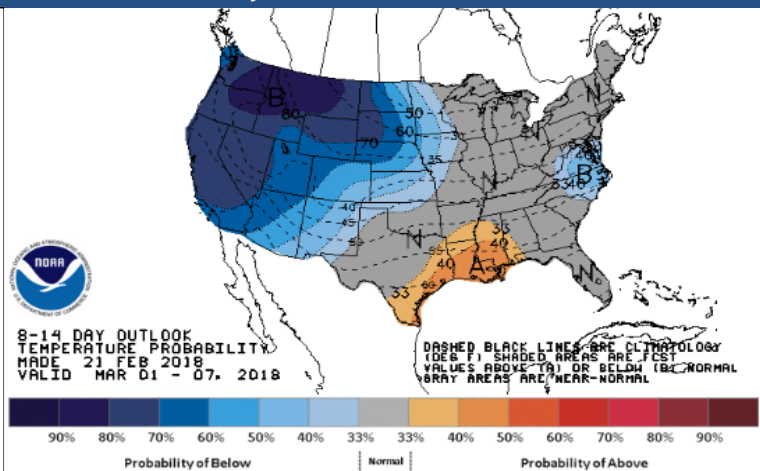
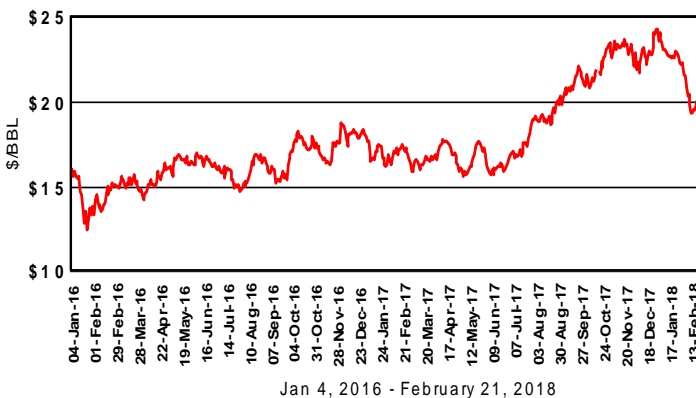
API Report for the Week Ending February 16, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Down 907,000 barrels	Up 1.3/2.5 million barrels
Cushing, OK Crude Stocks	Down 2.6 million barrels	Down 2.5 million barrels
Gasoline Stocks	Up 1.5 million barrels	Down 800,000 barrels
Distillate Stocks	Down 3.6 million barrels	Down 1.6 million barrels
Refinery Runs	Down 182,000 bpd	Down 0.8%, 89%

NYMEX Cal 2018 Heating Oil Crack Spread

8-14 Day Weather Forecast

NYMEX Heat-WTI Crack: Cal 2018



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