

Market Commentary

Recap: Oil prices began the session trading close to unchanged, but quickly reversed course, as the stock market headed higher. Adding to the upside momentum were signs that OPEC and non-OPEC members are adhering to their agreed upon output cuts and weak Venezuelan production. During the run-up, prices rose to their highest level in 3 sessions, with April WTI tacking on as much as 2.5%, touching a high of \$62.79 a barrel, while May Brent rose 2.3%, reaching a high of \$65.88 a barrel. For the remainder of the session, both blends fell into a narrow range, with WTI holding within a 28 cent range and Brent maintaining a 26 cent range. April WTI finished the session at \$62.57 a barrel, up \$1.32, or 2.16%, while May Brent added \$1.17, or 1.82%, to settle at \$65.54 a barrel. Monday was the largest one day gain in almost three weeks for oil prices.

April RBOB rose 1.8% to \$1.935 a gallon, while, April heating oil added 0.9% to \$1.897 a gallon.

Fundamental News: The IEA stated in its annual report, Oil 2018, that US shale oil output is expected to increase over the next five years, cutting OPEC's market share and moving the country closer to self-sufficiency. It stated that the OPEC and non-OPEC output cut agreement improved the outlook for other producers as prices increased sharply throughout the year. With US supply increasing, OPEC will see demand for its crude falling below current production in 2019 and 2020, suggesting a return to oversupply if OPEC output remains steady. US oil output has increased over the past year and is expected to increase by 2.7 million bpd to 12.1 million bpd by 2023, as growth from shale fields more than offsets declines in conventional supply. Natural gas liquids is expected to add 1 million bpd to US supply to reach 4.7 million bpd by 2023. With total US liquids production set to reach 17 million bpd in 2023, up from 13.2 million bpd in 2017, the US will be by far the world's largest oil producer. The IEA stated that oil production growth from the US, Brazil, Canada and Norway will more than meet global oil demand growth through 2020. Non-OPEC production is expected to increase by 5.2 million bpd by 2023 to 63.3 million bpd with the US alone accounting for 60% of global supply growth. By contrast, output from OPEC producers will increase at a much slower pace, adding it expected Venezuelan production declines to accelerate offsetting gains in Iraq. As a result, OPEC's crude oil capacity will increase by just 750,000 bpd by 2023. Demand for OPEC crude will remain below current output in 2020 at 32 million bpd, only rising above it in 2021 when the call on OPEC will increase to 32.6 million bpd.

Wood Mackenzie said rising US shale oil production will overwhelm the country's refining capacity, with three-quarters of the additional oil produced in the US by 2023 shipped to Europe and Asia. It reported that US refineries will absorb between 900,000 bpd and 1 million bpd of the expected 4 million bpd of additional production to emerge from US fields. That will leave three-quarters of the additional crude and ultra-light oil or condensate destined for non-US buyers in the next five years.

Pumping at Libya's El Sharara oilfield resumed on Monday, a day after output had been halted after a landowner closed a valve on a pipeline crossing his land. The field had been producing about 308,000 bpd until the shutdown.

IIR reported that US oil refiners are expected to shut in 1.397 million bpd of capacity in the week ending March 9th, increasing available refining capacity by 246,000 bpd from the previous week. IIR expects offline capacity to fall to 1.035 million bpd in the week ending March 16th.

Early Market Call - as of 8:50 AM EDT

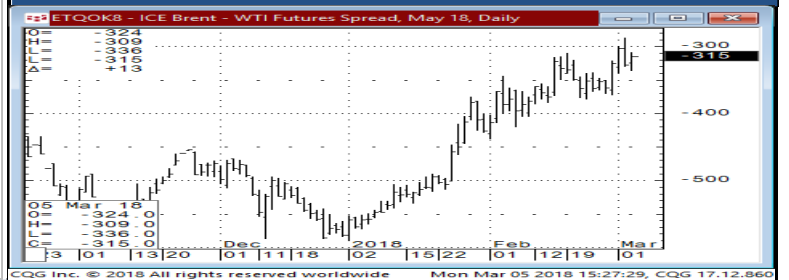
- WTI - Apr \$63.01 up 44 cents
- RBOB - Apr \$1.9376 up 27 points
- HO - Apr \$1.9014 up 47 points

All NYMEX | Prior Settlements

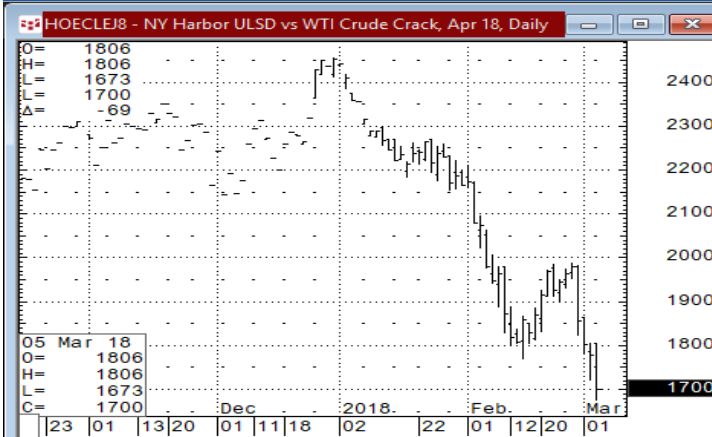
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-18	\$1.8967	\$0.0171	-\$0.0908
May-18	\$1.9017	\$0.0197	-\$0.0827
Jun-18	\$1.9032	\$0.0222	-\$0.0741
Jul-18	\$1.9038	\$0.0235	-\$0.0696
Aug-18	\$1.9041	\$0.0244	-\$0.0664
Sep-18	\$1.9060	\$0.0247	-\$0.0638
Oct-18	\$1.9081	\$0.0250	-\$0.0612
Nov-18	\$1.9093	\$0.0251	-\$0.0592
Dec-18	\$1.9098	\$0.0252	-\$0.0572
Jan-19	\$1.9109	\$0.0255	-\$0.0553
Feb-19	\$1.9086	\$0.0257	-\$0.0538
Mar-19	\$1.9013	\$0.0266	-\$0.0514
Apr-19	\$1.8856	\$0.0287	-\$0.0482
May-19	\$1.8764	\$0.0289	-\$0.0459
Jun-19	\$1.8699	\$0.0284	-\$0.0445
Jul-19	\$1.8686	\$0.0284	-\$0.0437
Aug-19	\$1.8698	\$0.0284	-\$0.0430
Sep-19	\$1.8744	\$0.0284	-\$0.0425

		Close	Change
Crude - WTI	May Brent-	\$62.3900	\$1.3000
Crude - Brent	WTI Spread	\$65.5400	\$1.1700
Natural Gas	\$3.15	\$2.7040	\$0.0090
Gasoline		\$1.9349	\$0.0335

ICE May WTI-Brent Spread



April Heating Oil Crack Spread



April RBOB Crack Spread

