

Market Commentary

Recap: The crude market on its last trading day in the first quarter settled in positive territory after it continued to erase its previous gains on Wednesday. The market retraced some of Wednesday's losses and opened 31 cent higher at \$64.69 before it continued to trend lower and sold off to a low of \$64.16 early in the session. However, the oil market bounced off its low and rallied to \$65.04 amid a rally in the equities market and as market participants weighed a rise in US crude inventories and production against continued OPEC supply cuts until the middle of next year. The market, which failed to test its previous high, erased some of its earlier gains and traded in a range from \$64.60 to \$65.00 before some late day buying pushed the market to a high of \$65.26. The market traded higher on the news that the number of rigs searching for oil fell by 6 to 798, falling from a three week high reached a week ago. The May WTI contract settled up 56 cents at \$64.94 while the May Brent contract settled up 74 cents at \$70.27. The product markets also settled in positive territory, with the heating oil market settling up 1.36 cents at \$2.0284 and the RBOB market settling up 63 points at \$2.0179.

Fundamental News: Baker Hughes reported that US energy companies this week cut oil rigs for the first time in three weeks. Drillers cut six oil rigs in the week ending March 29th, bringing the total count down to 798.

US President Donald Trump's advisers have urged him to let Congress take the lead in efforts to lower the cost of the country's biofuels policy for refining companies, and to use executive action only if lawmakers fail to make progress. The recommendations underscore the difficulty the administration has faced in attempting to tweak the Renewable Fuels Standard. The Trump administration has hosted a series of meeting in recent months between the key political constituencies aimed at finding executive or administrative level changes acceptable to both sides.

According to the Dallas Fed Energy Survey, energy sector activity strengthened further in the first quarter of 2018. The business activity index increased from 38.1 in the fourth quarter to 40.7 in the first quarter, mainly due to an increase in the oilfield services side of the industry. Oil and gas production increased for the sixth consecutive quarter. The oil production index increased from 33.7 in the fourth quarter to 34.3 in the first quarter. The natural gas production index fell from 26.6 to 25. Utilization of oilfield services firms' equipment increased at a faster pace than in the fourth quarter, with the corresponding index at 40.4, up 11 points. On average, WTI oil prices are forecast at \$63.07/barrel by the end of 2018, with estimate ranging from \$45 to \$77/barrel. Respondents expect Henry Hub natural gas prices to end 2018 at \$2.91/mmbtu.

Royal Dutch Shell, Australian bank Macquarie Group and PetroChina International America purchased crude oil from the US emergency stockpiles and have raised concerns about dangerous levels of hydrogen sulfide in the cargoes. Hydrogen sulfide occurs naturally in crude and natural gas, but oil produces typically decontaminate such products before delivery to buyers. High levels of H2S can corrode refinery parts and pipelines and can be lethal to humans in gas form. All three firms bought cargoes of SPR crude stored in an underground salt cavern in Bryan Mound, Texas last year. The Department of Energy's spokeswoman, Shaylyn Hynes, declined to comment about the contamination complaints.

Russia's Energy Minister, Alexander Novak, said a global oil output cut agreement has helped balance the global oil market and increased Russia's foreign currency income.

Early Market Call - as of 9:00 AM EDT

WTI - May \$64.33, down 62 cents

RBOB - May \$2.0018, down 1.9 cents

HO - May \$2.0100, down 1.11 cents

All NYMEX | Prior Settlements

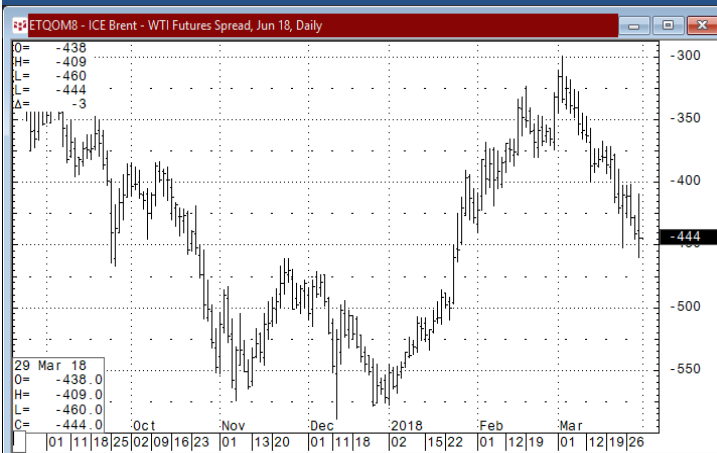
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-18	\$2.0284	\$0.0136	\$0.0361
May-18	\$2.0210	\$0.0071	\$0.0260
Jun-18	\$2.0190	\$0.0074	\$0.0214
Jul-18	\$2.0180	\$0.0079	\$0.0192
Aug-18	\$2.0171	\$0.0085	\$0.0180
Sep-18	\$2.0185	\$0.0087	\$0.0170
Oct-18	\$2.0190	\$0.0089	\$0.0161
Nov-18	\$2.0186	\$0.0091	\$0.0156
Dec-18	\$2.0167	\$0.0092	\$0.0154
Jan-19	\$2.0162	\$0.0091	\$0.0152
Feb-19	\$2.0128	\$0.0092	\$0.0152
Mar-19	\$2.0029	\$0.0089	\$0.0155
Apr-19	\$1.9851	\$0.0086	\$0.0163
May-19	\$1.9739	\$0.0082	\$0.0188
Jun-19	\$1.9683	\$0.0067	\$0.0224
Jul-19	\$1.9683	\$0.0067	\$0.0240
Aug-19	\$1.9688	\$0.0069	\$0.0243
Sep-19	\$1.9721	\$0.0068	\$0.0244

		Close	Change
Crude - WTI	May Brent- WTI Spread \$5.33	\$64.9400	\$0.5600
Crude - Brent		\$70.2700	\$0.7400
Natural Gas		\$2.7330	\$0.0350
Gasoline		\$2.0179	\$0.0063

EIA Natural Gas Storage Report

	23-Mar-28	16-Mar-28	Change	Year Ago
East	242	270	-28	282
Midwest	284	315	-31	489
Mountain	88	90	-2	140
Pacific	166	169	-3	211
South Central	603	602	1	932
Salt	181	182	-1	290
Nonsalt	422	419	3	646
Total	1,383	1,446	-63	2,055

ICE June WTI-Brent Spread



8-14 Day Weather Forecast

