

Market Commentary

All NYMEX | Prior Settlements

Recap: After opening close to the unchanged level, oil prices climbed steadily throughout the session, rising to their highest level in 3 weeks. The impetuses behind the move were tensions in the Middle East and falling Venezuelan output. Not even a rising dollar could keep prices down.

May WTI traded as high as \$63.99 a barrel, its highest level since Feb 26th. This newly appointed spot contract outperformed deferred contracts, hinting at prompt supply concerns. Supply concerns continued to roll down the forward curve, as is evident in the Dec18/Dec19 spread. This spread, which had been trading in a sideways pattern for just over a month, broke out today, settling at \$4.27, its highest level since Feb 2. Gains were pared ahead of the release of the API report, with May WTI settling at \$63.40, up \$1.34, or 2.16%. Brent for May delivery tacked on \$1.37, or 2.07%, to settle at \$67.42 a barrel.

April RBOB gained 2.1% to \$1.966 a gallon. April heating oil rose 2.2% to \$1.95 a gallon.

Fundamental News: The Joint Technical Committee of OPEC and non-OPEC countries concluded the oil market will rebalance between the second and third quarter. It had previously concluded that the market would rebalance between the second and third quarter at the earliest. The combined compliance rate of OPEC/non-OPEC producers was 138% in February.

According to the Joint Organization Data Initiative reported that while Saudi Arabia kept its crude oil output below its OPEC-agreed limit, its shipments of diesel, gasoline and other fuels increased by 27% to a record 1.912 million bpd in January. The country's total oil shipments exceeded those in October 2016, the reference month for a deal with OPEC and other producers to cut production. While the country produced 9.98 million bpd in January, remaining below its limit of 10.058 million bpd, Saudi Arabia has expanded its refining capacity, giving it an option to sustain revenues despite the supply cuts that other producers do not have. Saudi Arabia's sales of gasoline increased by 51% to 328,000 bpd amid declining domestic demand while sales of diesel increased by 13% to 803,000 bpd.

A CGT union official said some French oil sector workers will join the nationwide protest against planned government reforms but their action is not expected to impact output at refineries and oil depots. Refinery workers who are not on duty during the day will join the protest. A mass protest is planned for Thursday across France, called by public sector workers who will be joined by rail and power sector workers against planned reform of the rail and civil service proposed by President, Emmanuel Macron's government. The strike is expected to disrupt electricity production, transport and other public services including schools.

According to Bloomberg, crude oil stocks held in Cushing, Oklahoma increased by 200,000 barrels to 28.3 million barrels in the week ending March 16th.

Bloomberg reported that preliminary US waterborne crude imports fell by 723,300 bpd to 3.75 million bpd in week ending March 15th. Imports into the East and Gulf Coasts fell by 82,900 bpd and 818,900 bpd, respectively. Shipments to the West Coast increased by 178,500 bpd to 1.27 million bpd.

According to cFlow, S&P Global Platts trade flow software, distillate volumes heading to Northwest Europe and the Mediterranean from the US Gulf Coast for March arrival are expected to have increased this week, totaling 740,000 metric tons as of March 19th.

S&P Global Platts Analytics stated that the US is forecast to be 7% colder than normal in March, causing 55,000 bpd of oil heat demand.

Early Market Call - as of 9:00 AM EDT

WTI - Apr **\$64.12**, up 58 cents

RBOB - Apr **\$1.9835**, up 1.72 cents

HO - Apr **\$1.9711**, up 2.15 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-18	\$1.9495	\$0.0425	\$0.0756
May-18	\$1.9530	\$0.0414	\$0.0761
Jun-18	\$1.9550	\$0.0394	\$0.0754
Jul-18	\$1.9555	\$0.0373	\$0.0736
Aug-18	\$1.9556	\$0.0352	\$0.0716
Sep-18	\$1.9568	\$0.0339	\$0.0692
Oct-18	\$1.9581	\$0.0333	\$0.0668
Nov-18	\$1.9579	\$0.0321	\$0.0634
Dec-18	\$1.9563	\$0.0304	\$0.0607
Jan-19	\$1.9568	\$0.0291	\$0.0588
Feb-19	\$1.9542	\$0.0277	\$0.0562
Mar-19	\$1.9461	\$0.0265	\$0.0529
Apr-19	\$1.9294	\$0.0253	\$0.0501
May-19	\$1.9179	\$0.0252	\$0.0488
Jun-19	\$1.9097	\$0.0250	\$0.0476
Jul-19	\$1.9082	\$0.0251	\$0.0472
Aug-19	\$1.9086	\$0.0245	\$0.0452
Aug-19	\$1.9125	\$0.0241	\$0.0436

Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent-	\$63.5400	\$1.4100
Crude - Brent	WTI Spread	\$67.4200	\$1.3700
Natural Gas	\$3.88	\$2.6750	\$0.0240
Gasoline		\$1.9659	\$0.0410

API Report for the Week Ending March 16, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Down 2.7 million barrels	Up 2.6 million barrels
Cushing, OK Crude Stocks	Up 1.6 million barrels	Up 200,000 barrels
Gasoline Stocks	Down 1.1 million barrels	Down 1.8 million barrels
Distillate Stocks	Down 1.9 million barrels	Down 1.8 million barrels
Refinery Runs	Up 439,000 bpd	Up 0.2% at 90.2%

NYMEX May-June WTI Spread

NYMEX April-May Heating Oil Spread

