

## Market Commentary

**Recap:** Wednesday's reaction to the 6 million barrel build in U.S. crude oil stocks is strong evidence of underlying concern U.S. President Donald Trump will decide to pull out of the Iran nuclear deal. Just prior to the release of the EIA report, June WTI was trading at \$67.11, and upon its release, this spot contract slipped a modest 11 cents. Weakness in the dollar combined with the aforementioned Iranian concerns lifted prices off of their lows and into a period of sideways trading before resumption to the upside occurred. Both WTI and Brent posted pre-settlement gains, achieving fresh highs for the day as reports broke that Venezuela is at risk of being expelled from the International Monetary Fund. However, the inability of both blends to move beyond their 10-day moving averages provoked light profit taking. June WTI tacked on 68 cents, or 1.01%, to settle at \$67.93 a barrel, while Brent for July delivery settled at \$73.36, up 23 cents, or 0.31%. June RBOB lost 0.4% to \$2.08 a gallon, while June heating oil added 1% to \$2.122 a gallon.

**Fundamental News:** Saudi Arabia's Oil Minister, Khalid Al-Falih, said the oil output cut agreement will continue until the end of 2018, while top oil producers continue to monitor oil markets and adjust plans if needed. He said oil prices are determined by the market and added that volatility does not serve producers or customers.

An International Monetary Fund official said Saudi Arabia would need oil prices to average \$85-\$87/barrel this year to balance its state budget. The country's GDP contracted last year for the first time since 2009 but the IMF is forecasting growth of 1.8% this year. Saudi Arabia's break-even oil price was \$83/barrel in 2017 and the break-even price for 2018 is forecast at \$85-\$87/barrel.

Germany's Chancellor, Angela Merkel, said that the nuclear deal with Iran should not be cancelled but its negotiating framework needed to be broadened. She said Iran's missile program and its political influence in Syria needed to be discussed, adding that this was a widespread position in the European Union. She also stated that it was important for Israel to quickly make the information it has on Iran available to the IAEA.

Iran's Oil Ministry's news agency SHANA reported that the country's oil exports reached 2.6 million bpd in April. The National Iranian Oil Co also exported 200,000 bpd of natural gas condensate in April, adding that China and India bought more than half of Iran's oil in April.

Iraq's crude oil exports in April fell by 3.3% on the month to 3.34 million bpd due to weather-related disruptions and maintenance issues. The northern Persian Gulf, from where Iraq ships all of its crude saw three days of inclement weather in the month. Despite a 113,000 bpd decline in exports from March, the April export total is still above Iraq's 2017 average of 3.309 million bpd. Federal exports averaged 3.427 million bpd in the first four months of the year, up nearly 5% from 3.276 million bpd in the same period of 2017. S&P Global Platts estimates total country-wide exports at 3.64 million bpd in April, with the addition of about 300,000 bpd shipped by the Kurdistan Regional Government from Turkey's port of Ceyhan.

China's implied oil demand in March increased by 6.5% on the year to 11.86 million bpd. Implied oil demand also increased at the fastest pace since May last year. Gasoline demand fell by 2.1% in March to 2.78 million bpd, while diesel demand fell by 3.4% on the year.

Russia's Energy Ministry reported that the country's oil production stood at 10.97 million bpd in April, unchanged from an 11-month high in March and above a target set by the OPEC and non-OPEC output cut agreement.

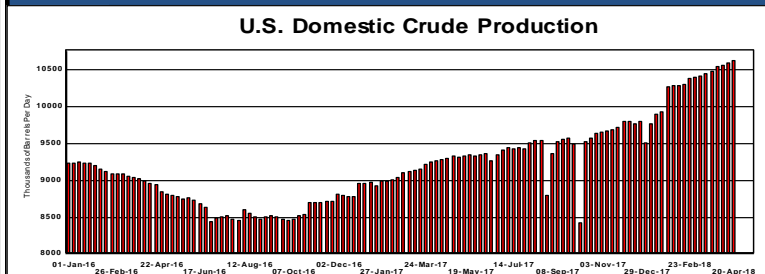
**Early Market Call - as of 8:50 AM EDT**

WTI - June \$67.59, down 34 cents  
 RBOB - June \$2.0651, down 1.48 cents  
 HO - June \$2.1060, down 1.56 cents

## All NYMEX | Prior Settlements

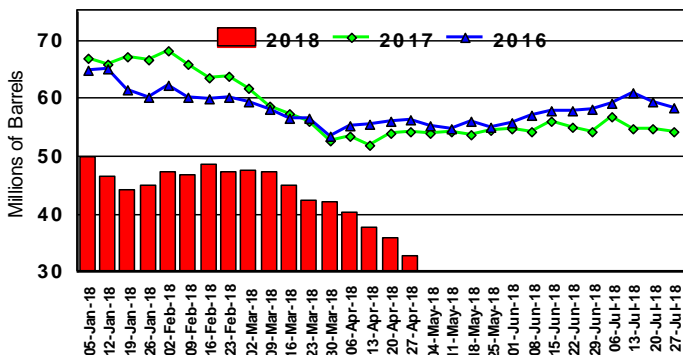
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-18	\$2.1215	\$0.0218	-\$0.0020
Jul-18	\$2.1140	\$0.0175	-\$0.0028
Aug-18	\$2.1098	\$0.0154	-\$0.0029
Sep-18	\$2.1093	\$0.0140	-\$0.0029
Oct-18	\$2.1094	\$0.0130	-\$0.0034
Nov-18	\$2.1095	\$0.0127	-\$0.0034
Dec-18	\$2.1073	\$0.0121	-\$0.0030
Jan-19	\$2.1073	\$0.0121	-\$0.0010
Feb-19	\$2.1045	\$0.0128	\$0.0025
Mar-19	\$2.0956	\$0.0139	\$0.0061
Apr-19	\$2.0799	\$0.0143	\$0.0086
May-19	\$2.0698	\$0.0145	\$0.0096
Jun-19	\$2.0635	\$0.0150	\$0.0120
Jul-19	\$2.0609	\$0.0145	\$0.0127
Aug-19	\$2.0627	\$0.0139	\$0.0140
Sep-19	\$2.0679	\$0.0137	\$0.0155
Oct-19	\$2.0734	\$0.0133	\$0.0156

Sprague HeatCurve Oct 2018-April 2019		\$2.1030	
Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent- WTI Spread	\$67.7700	\$0.6400
Crude - Brent		\$73.3600	\$0.2300
Natural Gas	\$5.59	\$2.7540	-\$0.0480
Gasoline		\$2.0798	-\$0.0078



## EIA Weekly Petroleum Status Report for the Week Ending April 27, 2018

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 6.218 million barrels  
 Cushing, OK Crude Stocks Up 416,000 barrels  
**Gasoline Stocks** Up 1.171 million barrels  
**Distillate Stocks** Down 3.9 million barrels  
**Refinery % Operated** 91.1%, Up 0.3%

**PADD #1**

Distillate Stocks (in million bbls)	Week Ending Apr 27, 2018	Week Ending April 20, 2018	Week Ending Apr 28, 2017
New England	4.9	5.2	7.8
Central Atlantic	17.8	19.2	33.1
Total PADD #1	32.8	35.9	54.1
Distillate Imports (thousands b/d)	61	70	109