

Market Commentary

Recap: A lack of new fundamentals pushed oil prices lower in overnight and early morning trading, but the market fell short of taking out the lows from last week. A sharp rebound occurred after Philadelphia Energy Solutions LLC announced it was filing for bankruptcy on its South Philadelphia oil refinery complex, citing the burden of meeting federal renewable fuel standards as the cause. Prices rose above Friday's highs, however, strength in the dollar pushed prices back down and below the 10-day moving average in both Brent and WTI. March Brent closed up 42 cents, or 0.61%, to settle at \$69.03 a barrel, while February WTI expired at \$63.62 a barrel, up 25 cents, or 0.39%.

The aforementioned bankruptcy news pushed the spot RBOB contract to a high of \$1.8880, its highest level since July of 2015. The 335,000 bpd Philadelphia Energy Solutions South Philadelphia complex is the largest refinery in the East Coast, but with Gulf Coast producers being tied directly to oilfields, they can produce fuel at such a discount to East Coast refiners. February RBOB gained 0.9%, to settle at \$1.8801 a gallon, the highest settlement for a spot contract since July 14, 2015, while February heating oil slipped less than 0.1%, settling at \$2.057 a gallon.

Fundamental News: Following a meeting of the joint ministerial committee, Saudi Arabia's Energy Minister, Khalid al-Falih, said rebalancing the market might not take place until 2019, suggesting it would take longer than OPEC has previously indicated. He said global oil producers are in agreement that they should continue cooperating on production after their deal on supply cuts expires at the end of the year. It was the first time Saudi Arabia had publically stated OPEC and non-OPEC producers would keep cooperating after 2018. He said the exact mechanism for cooperation next year has not yet been decided, but if oil inventories increase in 2018 as some in the market expect, producers may have to consider rolling the supply cut deal into next year. He said extending the cooperation framework beyond 2018 would not necessarily mean sticking to countries' current production targets.

Meanwhile, Kuwait's Oil Minister, Bakheet al-Rashidi, said Sunday's meeting focused on compliance with the current agreement on output cuts, and discussion of the deal's future was expected to occur in June, when OPEC and other producers led by Russia are next scheduled to meet on oil policy.

Oman's Oil Minister, Mohammed bin Hamad al-Rumhi, said producers would discuss in November whether to renew their supply agreement or enter a new type of agreement.

Iraq's Oil Minister, Jabar al-Luaibi, said the global oil market is stabilizing as crude inventories are declining. He said the market is heading in the right direction and will continue to stabilize until the end of the year.

Libya's National Oil Corp announced the reopening of the eastern As-Sarah oil fields, where more than 50,000 bpd in a Wintershall concession had been shut in by a blockade since November. Two wells started pumping on Sunday and production was expected to reach about 55,000 bpd by Monday.

US EIA said it will continue normal data collection and publication for now, despite the government shutdown. A spokesman said the US EIA will be able to operate for a short period of time during the shutdown. Its website will continue to be updated and publications will continue to be released as scheduled.

US Vice President Mike Pence said the US will no longer certify Iran's nuclear agreement.

American Airlines, Delta Air Lines and United are not planning to get into the fuel price hedging game despite the rally in oil prices, airline executives said at the Airline Economics Growth Frontiers conference. Emirates Airlines also has no plans to hedge.

Early Market Call - as of 9:00 AM EDT

WTI - Mar \$64.17, up 60 cents
 RBOB - Feb \$1.9013, up 2.09 cents
 HO - Feb \$2.0698, up 1.31 cents

All NYMEX | Prior Settlements

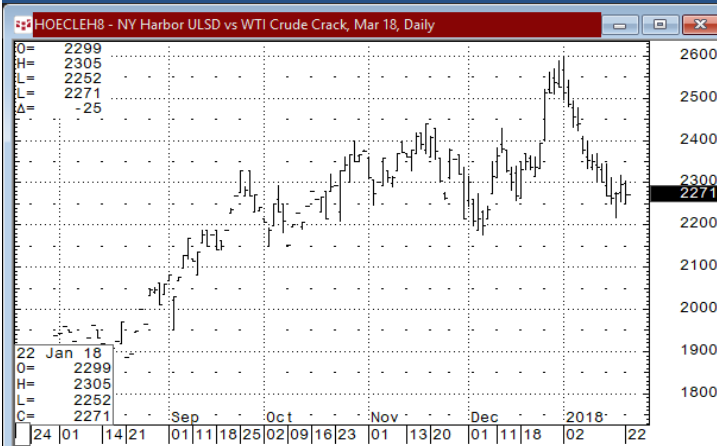
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-18	\$2.0569	-\$0.0015	-\$0.0281
Mar-18	\$2.0551	\$0.0010	-\$0.0227
Apr-18	\$2.0421	\$0.0031	-\$0.0173
May-18	\$2.0298	\$0.0039	-\$0.0129
Jun-18	\$2.0200	\$0.0047	-\$0.0108
Jul-18	\$2.0166	\$0.0052	-\$0.0094
Aug-18	\$2.0131	\$0.0051	-\$0.0088
Sep-18	\$2.0110	\$0.0050	-\$0.0088
Oct-18	\$2.0089	\$0.0051	-\$0.0085
Nov-18	\$2.0083	\$0.0057	-\$0.0079
Dec-18	\$2.0072	\$0.0058	-\$0.0073
Jan-19	\$2.0060	\$0.0058	-\$0.0070
Feb-19	\$1.9996	\$0.0059	-\$0.0058
Mar-19	\$1.9861	\$0.0061	-\$0.0043
Apr-19	\$1.9664	\$0.0063	-\$0.0027
May-19	\$1.9548	\$0.0067	-\$0.0015
Jun-19	\$1.9478	\$0.0071	-\$0.0005
Jul-19	\$1.9444	\$0.0071	\$0.0000

		Close	Change
Crude - WTI	Mar Brent-	\$63.5700	\$0.2600
Crude - Brent	WTI Spread	\$69.0300	\$0.4200
Natural Gas	\$5.46	\$3.2240	\$0.0390
Gasoline		\$1.8801	\$0.0165

ICE March WTI-Brent Spread



March Heating Oil Crack Spread



March RBOB Crack Spread

