



MarketWatch | Refined Products

Monday, March 12, 2018

Market Commentary

Recap: After a two day decline in the oil markets, the bulls came charging back into the market today, following a strong stock market. The equities market found positive news in a strong U.S. jobs report, along with the potential easing in geopolitical tensions surrounding the North Korean situation. Oil traders also found support from the weekly Baker Hughes drilling report which showed a decline in the number of oil drilling rigs operating in the U.S. for the first time in seven weeks along with news reports that Libya's 70,000 b/d El Fell oil field remained shut.

Monday could be a technically important day for the oil markets with WTI crude looking to break out of its recent shrinking pennant formation, which Monday would find resistance at \$63.14 with support at \$60.26. We see additional resistance at \$63.28 followed by \$64.24. Additional support we see at \$59.83 \$59.59 and \$58.00.99. With the 9 day slow stochastics still point to the downside we would look for the break to the downside at this time a greater probability.

This afternoon's Commitment of Traders Report showed that money managers cut their net longs in U.S. crude futures and options during the week ending March 6th. This group reduced its net long position in NY and London by a combined 17,166 contracts to 478,531 lots.

Fundamental News: Euroilstock reported that European stocks of crude and refined products at the end of February fell by 6.8% on the year and by 0.1% on the year to 1.098 billion barrels. European crude oil stocks in February fell by 3.9% on the year but increased by 0.5% on the month to 476.69 million barrels, while gasoline stocks fell by 6.6% on the year and by 0.4% on the year to 118.07 million barrels and middle distillates stocks fell by 9.4% on the year and by 0.2% on the month to 412.43 million barrels. European fuel oil stocks fell by 14.5% on the year and by 1.9% on the month to 63.99 million barrels while naphtha stocks increased by 3.1% on the year but fell by 3.1% on the month to 27.28 million barrels. Refinery crude intake increased by 8% on the year but fell by 0.1% on the month to 11.01 million barrels.

Baker Hughes reported that US energy companies this week cut oil rigs for the first time in seven weeks. Drillers searching for oil cut the number of rigs by four to 796 in the week ending March 9th.

Libya's 70,000 b/d El Fell oil field remained shut despite the Petroleum Facilities Guard saying earlier this week that it had reached a deal to reopen it.

Philadelphia Energy Solutions reported to regulators that it had shut down a unit at its Point Breeze section of its refinery on March 5th as well as taking a compressor off line at its Girard Point section of the refinery on March 5th as well.

Colonial Pipeline Co's mixed products Line 3 resumed normal operations on Friday after a leak in Harford County, Maryland earlier this week. Colonial shut its Line 3 pipeline on Wednesday as a precaution following a fuel oil release at its Bel Air facility.

Early Market Call - as of 9:40 AM EDT

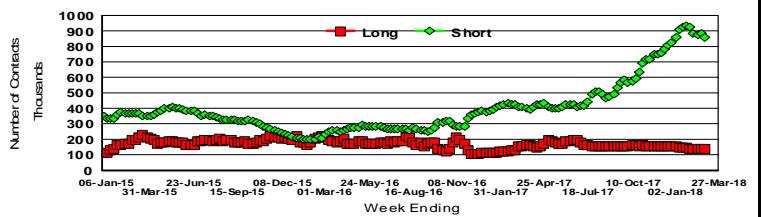
WTI - Apr \$61.49 down 55 cents
 RBOB - Apr \$ 1.8931 down 1.12 cents
 HO - Apr \$ 1.8676 down 1.9 cents

All NYMEX | Prior Settlements

| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Apr-18 | \$1.8866 | \$0.0275 | \$0.0070 |
| May-18 | \$1.8900 | \$0.0278 | \$0.0080 |
| Jun-18 | \$1.8938 | \$0.0300 | \$0.0128 |
| Jul-18 | \$1.8984 | \$0.0325 | \$0.0181 |
| Aug-18 | \$1.9016 | \$0.0338 | \$0.0219 |
| Sep-18 | \$1.9053 | \$0.0345 | \$0.0240 |
| Oct-18 | \$1.9087 | \$0.0354 | \$0.0256 |
| Nov-18 | \$1.9112 | \$0.0360 | \$0.0270 |
| Dec-18 | \$1.9115 | \$0.0360 | \$0.0269 |
| Jan-19 | \$1.9134 | \$0.0362 | \$0.0280 |
| Feb-19 | \$1.9130 | \$0.0367 | \$0.0301 |
| Mar-19 | \$1.9076 | \$0.0371 | \$0.0329 |
| Apr-19 | \$1.8932 | \$0.0375 | \$0.0363 |
| May-19 | \$1.8834 | \$0.0376 | \$0.0359 |
| Jun-19 | \$1.8763 | \$0.0373 | \$0.0348 |
| Jul-19 | \$1.8748 | \$0.0373 | \$0.0346 |
| Aug-19 | \$1.8768 | \$0.0373 | \$0.0354 |
| Sep-19 | \$1.8819 | \$0.0369 | \$0.0359 |

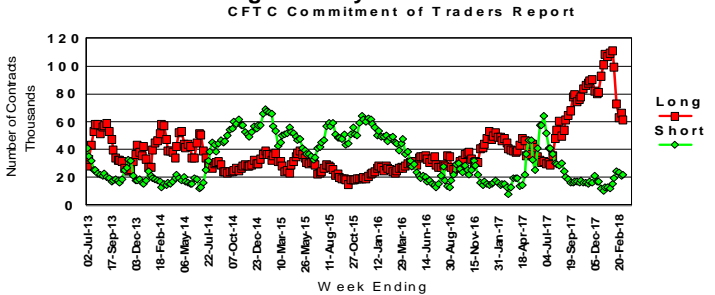
| | | Close | Change |
|---------------|-----------------------------|-----------|-----------|
| Crude - WTI | May Brent-WTI Spread \$3.28 | \$61.9200 | \$1.8600 |
| Crude - Brent | | \$65.4900 | \$1.8800 |
| Natural Gas | | \$2.7320 | -\$0.0240 |
| Gasoline | | \$1.9043 | \$0.0366 |

Swap Dealers NYMEX WTI Positions
 CFTC Commitment of Traders Report

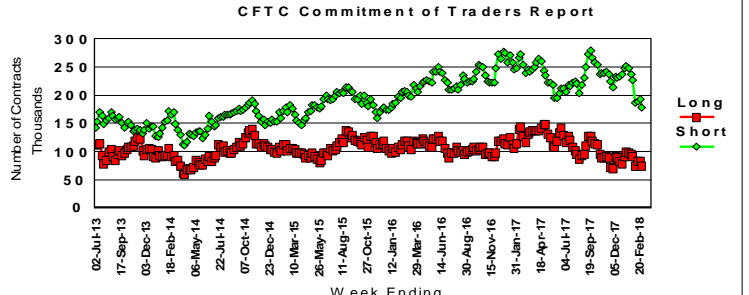


Commitment of Traders Report for the Week Ending March 6, 2018

Managed Money Heat Positons
 CFTC Commitment of Traders Report



Producer/Merchant Heat Positons
 CFTC Commitment of Traders Report



This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.