

Market Commentary

All NYMEX | Prior Settlements

Recap: What started out to look like another down day for oil prices, was quickly reversed after the EIA report indicated U.S. crude oil stocks had increased less than expected and after the Saudi Energy Minister said his country will cut an additional 100,000 barrel per day of production and lower its exports to below 7 million barrels per day in March. The rebound erased earlier losses, taking WTI to its highest level in 4 days and Brent to its highest level in 3 days. While WTI experienced an outside trading session, Brent held above Tuesday's low. Both contracts held below resistance provided by their 50-day moving averages. March WTI tacked on \$1.41, or 2.38%, to settle at \$60.60 a barrel, while April Brent settled at \$64.36 a barrel, up \$1.64, or 2.61%.

March RBOB rose 1.4%, or 2.77 cents, to settle at \$1.7130 a gallon, while March heating oil gained 2.5%, or 4.75 cents, to \$1.8844 a gallon.

Fundamental News: Bloomberg reported that crude imports to the US Gulf Coast increased by 428,000 bpd to 2.8 million bpd in the week ending February 9th.

According to Genscape, crude inventories in the Amsterdam-Rotterdam-Antwerp region increased by 1.8 million barrels in the week ending February 9th to 50.5 million barrels.

Saudi Arabia's Energy Minister, Khalid al-Falih, said OPEC would do better to leave the oil market slightly short of supplies rather than ending too early a deal on cutting output. He said oil supply is appropriate for demand levels that are being observed. Saudi Arabia's Energy Minister said global oil supply is under control, with demand increasing by about 1.5 million bpd for three years. He said he was confident that cooperation between OPEC and non-OPEC allies will continue to stabilize the markets. He said OPEC and non-OPEC producers, such as Russia, would need to consider how to adjust targets in the coming months, including how to measure the five-year average of oil stocks. He said OPEC should take into account non-OECD inventories, floating storage and oil in transit. At present, targets are based on stocks in the OECD countries. Meanwhile, Saudi Arabia's Energy Minister, Khalid Al-Falih, said Saudi Arabia and Russia agree on the need to cooperate in order to help correct oil markets.

Separately, Saudi King Salman and Russia's Energy Minister, Alexander Novak, discussed efforts to rebalance the oil markets by leading producing countries to decrease the surplus of global inventories. Russia's Energy Minister said the global deal with OPEC will end sooner or later. Meanwhile, the Kremlin said Russia's President Vladimir Putin and Saudi King Salman expressed readiness to expand fruitful coordination on world hydrocarbon markets during a phone conversation they had on Wednesday.

Saudi Aramco's crude oil output in March will be 100,000 bpd below its February level, while oil exports will be kept below 7 million bpd in March despite a full shutdown for maintenance of its 400,000 bpd SAMREF refinery. Its oil exports in January totaled 6.93 million bpd.

Nigeria's Oil Minister, Emmanuel Kachikwu, said the country will refocus on oil projects that deliver higher returns to keep production with the limits set by OPEC. The country has been struggling to make good on its pledge not to produce over 1.8 million bpd under the OPEC/non-OPEC output agreement, with output reaching its highest level in more than two years in January at 1.93 million bpd.

IIR reported that US oil refiners are expected to shut in 1.438 million bpd of capacity in the week ending February 16th, cutting available refining capacity by 166,000 bpd on the week. IIR expects offline capacity to fall to 1.42 million bpd in the week ending February 23rd.

Early Market Call - as of 9:00 AM EDT

WTI - Mar \$60.31, down 31 cents

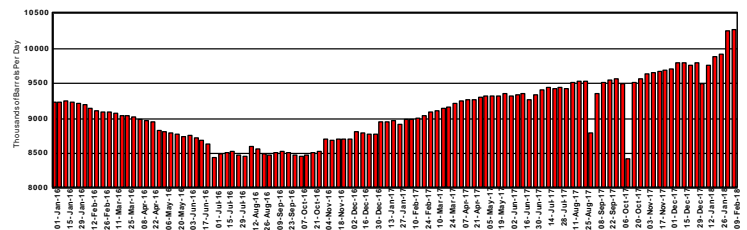
RBOB - Mar \$1.7140, up 12 points

HO - Mar \$1.8704, down 1.36 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-18	\$1.8844	\$0.0475	-\$0.0469
Apr-18	\$1.8823	\$0.0459	-\$0.0454
May-18	\$1.8768	\$0.0420	-\$0.0441
Jun-18	\$1.8709	\$0.0386	-\$0.0422
Jul-18	\$1.8697	\$0.0368	-\$0.0393
Aug-18	\$1.8689	\$0.0361	-\$0.0360
Sep-18	\$1.8695	\$0.0354	-\$0.0350
Oct-18	\$1.8702	\$0.0344	-\$0.0349
Nov-18	\$1.8704	\$0.0334	-\$0.0357
Dec-18	\$1.8699	\$0.0321	-\$0.0367
Jan-19	\$1.8697	\$0.0309	-\$0.0371
Feb-19	\$1.8666	\$0.0300	-\$0.0357
Mar-19	\$1.8602	\$0.0293	-\$0.0331
Apr-19	\$1.8454	\$0.0293	-\$0.0309
May-19	\$1.8365	\$0.0281	-\$0.0288
Jun-19	\$1.8330	\$0.0280	-\$0.0266
Jul-19	\$1.8330	\$0.0279	-\$0.0254
Aug-19	\$1.8349	\$0.0273	-\$0.0247

		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$3.85	\$60.5100	\$1.4800
Crude - Brent		\$64.3600	\$1.6400
Natural Gas		\$2.5870	-\$0.0070
Gasoline		\$1.7130	\$0.0277

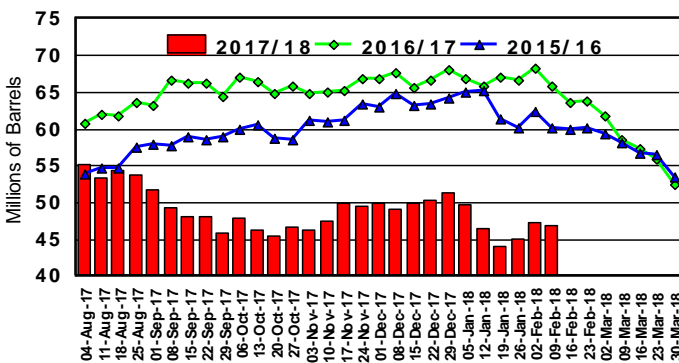
U.S. Domestic Crude Production



EIA Weekly Petroleum Status Report for the Week Ending February 9, 2018

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.841 million barrels

Cushing, OK Crude Stocks Down 3.642 million barrels

Gasoline Stocks Up 3.599 million barrels

Distillate Stocks Down 459,000 barrels

Refinery % Operated 89.8%, Down 2.7%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Feb 9, 2018	Week Ending Feb 02, 2018	Week Ending Feb 10, 2017
New England	8.3	8.1	12.8
Central Atlantic	27.3	26.4	39.1
Total PADD #1	46.7	47.1	65.8
Distillate Imports (thousands b/d)	228	289	150