

## Market Commentary

**Recap:** The crude oil market posted an inside trading day, but remained near its highs last seen in December 2014 on geopolitical risks. The market was supported by worries over military escalation in Syria, amid reports of potential action by Western countries in Syria, while President Trump cast some doubt over the timing of his threatened strike on the country. The market opened relatively unchanged and posted a high of \$67.33 in overnight trading. The market however gave up some of its gains and posted a low of \$66.00 as the tension surrounding Syria appeared to calm a bit as President Trump seemed to soften his stance on the situation. The market also pulled back as it was pressured by a stronger dollar. The market later bounced off its low and retraced its losses ahead of the close. The May WTI contract settled up 25 cents at \$67.07, the highest settlement since December 3, 2014, while the June Brent contract settled down 4 cents at \$72.02. The product markets ended the session in negative territory, with the heating oil market settling down 89 points at \$2.0838 and the RBOB market settling down 1.3 cents at \$2.0546.

**Fundamental News:** Geopolitical tensions surrounding the Syrian situation appeared to calm a bit Thursday as President Trump cast some doubt over the timing of his threatened strike on Syria in a tweet when he said "never said when an attack on Syria would take place. Could be very soon or not so soon at all." While the French president said he has proof that chemical weapons were used by the Syrian government recently, he will decide on a military strike when all information is verified and action would be most useful and effective. French President, Emmanuel Macron, and German Chancellor, Angela Merkel, discussed the suspected gas attack on Thursday. Germany's Chancellor said she was concerned the international community's ability to enforce a ban on the use of chemical weapons was eroding. British Prime Minister May was convening a special cabinet meeting to discuss the situation as well. Meanwhile Russia said that rebel chemical weapons stocks were found in Syria.

OPEC's Secretary General, Mohammad Barkindo reported today that OPEC compliance to its production agreement was over 150% in March, with participating non-OPEC members posting a 120% compliance rate to their quota levels. He, said that he sees the global oil market rebalancing in the second to third quarters of 2018, earlier than a previous forecast for the year-end. He said there was increasing confidence that oil producers would extend their cooperation pact beyond 2018. He also stated that Russia will continue to play a key role in future market rebalancing pacts. He also stated that the initial draft of a longer-term alliance between OPEC and non-OPEC oil producers would be discussed at their June meeting.

The UAE's Energy Minister, Suhail Mohammed Faraj Al Mazroui, said that the majority of oil producers participating in a current deal to cut oil supply like the idea of a long-term producers alliance.

OPEC said Thursday that its oil output fell to the lowest level in a year in March as a result of reduced supplies from Venezuela, Saudi Arabia, Algeria and Angola. OPEC also has raised its estimate for oil demand growth in 2018 by 30,000 b/d to 1.63 million barrels per day.

US President, Donald Trump, said that his administration may allow the sale of gasoline containing 15% ethanol year-round in a bid to help corn farmers. The Environmental Protection Agency currently bans higher ethanol blend, called E15, during the summer because of concerns that it contributes to smog on hot days. The announcement comes as the White House seeks to appease both the corn industry and the oil industry.

**Early Market Call - as of 8:55 AM EDT**

WTI - May \$67.17 up 10 cents

RBOB - May \$2.0500 down 46 points

HO - May \$2.0779 down 59 points

## All NYMEX | Prior Settlements

| Month  | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
|        | Close     | Change       | One Week  |
| May-18 | \$2.0838  | -\$0.0089    | \$0.1073  |
| Jun-18 | \$2.0756  | -\$0.0074    | \$0.1014  |
| Jul-18 | \$2.0687  | -\$0.0066    | \$0.0964  |
| Aug-18 | \$2.0651  | -\$0.0064    | \$0.0940  |
| Sep-18 | \$2.0651  | -\$0.0062    | \$0.0919  |
| Oct-18 | \$2.0636  | -\$0.0058    | \$0.0886  |
| Nov-18 | \$2.0621  | -\$0.0050    | \$0.0860  |
| Dec-18 | \$2.0600  | -\$0.0043    | \$0.0842  |
| Jan-19 | \$2.0582  | -\$0.0041    | \$0.0820  |
| Feb-19 | \$2.0519  | -\$0.0043    | \$0.0784  |
| Mar-19 | \$2.0379  | -\$0.0053    | \$0.0735  |
| Apr-19 | \$2.0194  | -\$0.0065    | \$0.0702  |
| May-19 | \$2.0053  | -\$0.0081    | \$0.0642  |
| Jun-19 | \$1.9944  | -\$0.0088    | \$0.0577  |
| Jul-19 | \$1.9914  | -\$0.0089    | \$0.0550  |
| Aug-19 | \$1.9907  | -\$0.0092    | \$0.0535  |
| Sep-19 | \$1.9932  | -\$0.0093    | \$0.0521  |

### Sprague HeatCurve Oct 2018-April 2019 \$2.0516

| Other Front Month NYMEX | Close     | Change    |
|-------------------------|-----------|-----------|
| Crude - WTI             | \$66.9500 | \$0.2100  |
| Crude - Brent           | \$72.0200 | -\$0.0400 |
| Natural Gas             | \$2.6860  | \$0.0110  |
| Gasoline                | \$2.0546  | -\$0.0130 |

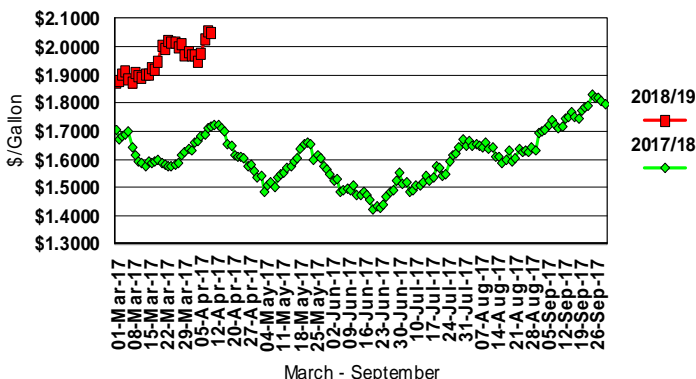
### EIA Natural Gas Storage Report

|               | 06-Apr-18 | 30-Mar-18 | Change | Year Ago |
|---------------|-----------|-----------|--------|----------|
| East          | 217       | 229       | -12    | 266      |
| Midwest       | 246       | 266       | -20    | 476      |
| Mountain      | 83        | 87        | -4     | 141      |
| Pacific       | 171       | 166       | 5      | 220      |
| South Central | 618       | 606       | 12     | 955      |
| Salt          | 196       | 188       | 8      | 300      |
| Nonsalt       | 422       | 419       | 3      | 655      |
| Total         | 1,335     | 1,354     | -19    | 2,060    |

## Sprague HeatCurve Winter 2018/19

### Sprague HeatCurve October-April

Degree Day Weighted



## ICE June WTI-Brent Spread

