

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices rescinded early gains after the EIA report indicated U.S. crude oil stockpiles increased by 1.9 million barrels, as opposed to the 1.1 million barrel decline reported by the American Petroleum Institute. April Brent was trading close to \$68 a barrel, while March WTI was just above \$64 a barrel just before the report. U.S. output rose 332,000 barrels to total 10.251 million barrels a day, a fresh weekly record based upon EIA data dating back to 1983. This record production continued to hammer prices, pushing March WTI briefly below \$61.38, the 50% retracement between \$66.66, this year's high and \$56.09, the point at which prices began their ascent. Losses were pared, with March WTI settling at \$61.79 a barrel, down \$1.60, or 2.52%, while April Brent fell \$1.35, or 2.02% to settle at \$65.51 a barrel.

Fundamental News: Britain's Forties oil pipeline was shut on Wednesday after the unexpected closure of a feed control valve connecting to the Kinneil gas plant. The pipeline was previously shut in mid-December last year for about three weeks after the discovery of a crack.

Shell said the Shearwater platform was shut down due to the Forties Pipeline shutdown.

US Secretary of State, Rex Tillerson, said the US, Mexico and Canada are already studying how to mitigate the impact on the Caribbean and oil refiners if the US decides to impose sanctions on Venezuela's oil. Last week, he said the US was considering restricting imports of Venezuelan crude and exports of US refined products to Venezuela to put pressure on President Nicolas Maduro to return to the constitution. The US Secretary of State said President Donald Trump will make the final decision on what action to take regarding Venezuela's oil.

Goldman Sachs is standing by its very bullish call on commodities, saying that the recent global markets selloff only supports its view that raw materials are set to perform well in the months ahead.

According to Bloomberg, crude imports to the US Gulf Coast fell by 168,000 bpd to 2.38 million bpd in the week ending February 2nd.

The end of a ban on US exports in 2015 and growth of shale production, has changed the flow of petroleum demand around the world. Shipments from US ports have increased from as little as 100,000 bpd in 2013 to 1.53 million bpd in November, traveling as far as China and the UK. The UAE bought oil directly from the US in December, according to the Census Bureau. The US exported about 700,000 barrels of light domestic crude in December to the UAE.

RBC Capital stated that with the oil market tightening in 2018, any geopolitics-driven supply disruptions would have a bigger impact compared with recent years when the market was oversupplied with crude. It stated that Venezuela is a country to watch, with its declining production. RBC sees at least a 700,000-800,000 bpd year on year decline in output.

Statoil's CEO sees 2018 oil prices more likely below \$70/barrel than above.

IIR reported that US oil refiners are expected to shut in 1.29 million bpd of capacity in the week ending February 9th, cutting available refining capacity by 450,000 bpd from the previous week. IIR expects offline capacity to increase to 1.56 million bpd in the week ending February 16th.

Early Market Call - as of 9:00 AM EDT

WTI - Mar \$61.64, down 15 cents

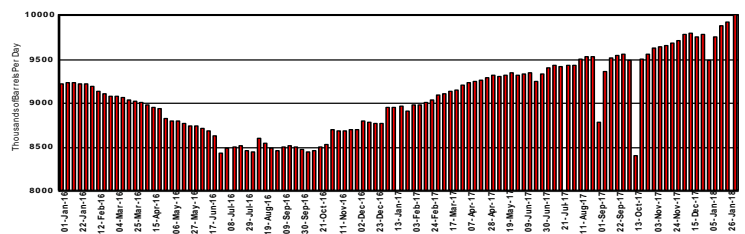
RBOB - Mar \$1.7676, up 18 points

HO - Mar \$1.9214, down 96 points

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-18	\$1.9313	-\$0.0538	-\$0.1351
Apr-18	\$1.9277	-\$0.0496	-\$0.1270
May-18	\$1.9209	-\$0.0469	-\$0.1197
Jun-18	\$1.9131	-\$0.0458	-\$0.1163
Jul-18	\$1.9090	-\$0.0449	-\$0.1149
Aug-18	\$1.9049	-\$0.0443	-\$0.1134
Sep-18	\$1.9045	-\$0.0437	-\$0.1113
Oct-18	\$1.9051	-\$0.0422	-\$0.1078
Nov-18	\$1.9061	-\$0.0410	-\$0.1053
Dec-18	\$1.9066	-\$0.0403	-\$0.1036
Jan-19	\$1.9068	-\$0.0393	-\$0.1021
Feb-19	\$1.9023	-\$0.0385	-\$0.1009
Mar-19	\$1.8933	-\$0.0362	-\$0.0960
Apr-19	\$1.8763	-\$0.0342	-\$0.0929
May-19	\$1.8653	-\$0.0333	-\$0.0906
Jun-19	\$1.8596	-\$0.0328	-\$0.0882
Jul-19	\$1.8584	-\$0.0317	-\$0.0864
Aug-19	\$1.8596	-\$0.0306	-\$0.0841

		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$3.96	\$61.5500	-\$1.5600
Crude - Brent		\$65.5100	-\$1.3500
Natural Gas		\$2.7020	-\$0.0570
Gasoline		\$1.7660	-\$0.0392

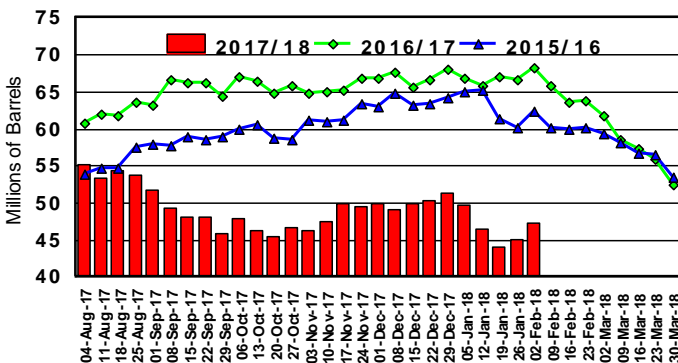
U.S. Domestic Crude Production



EIA Weekly Petroleum Status Report for the Week Ending February 2, 2018

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.895 million barrels

Cushing, OK Crude Stocks Down 711,000 barrels

Gasoline Stocks Up 3.414 million barrels

Distillate Stocks Up 3.926 million barrels

Refinery % Operated 92.5%, Up 4.4%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Feb 2, 2018	Week Ending Jan 26, 2018	Week Ending Feb 3, 2017
New England	8.1	7.2	13.3
Central Atlantic	26.4	26.5	41.0
Total PADD #1	47.1	44.9	68.2
Distillate Imports (thousands b/d)	289	514	203