

Market Commentary

Recap: Oil prices opened the session above unchanged then proceeded to move sideways in overnight trading. A daybreak dip failed to reach \$63.48, the 10-day moving average for WTI, spurring technical buyers into action. This coupled with expectations of yet another draw in U.S. crude oil stocks pushed WTI to its highest level since December of 2014. Settlement in both WTI and Brent was followed by a rally in prices to fresh daily highs. March WTI gained 90 cents, or 1.42%, to settle at \$64.47 a barrel, while March Brent settled at \$69.96 a barrel, up 93 cents, or 1.35%, its highest settlement since Jan 15th.

February RBOB rose 1.5%, to settle at \$1.909 a gallon, while February heating oil tacked on 1.4%, to settle at \$2.086 a gallon.

Fundamental News: According to Bloomberg, crude stocks held in Cushing, Oklahoma fell by 2.3 million barrels to 40.1 million barrels in the week ending January 19th.

The Canadian City of Burnaby will argue that the proposed route of Kinder Morgan Canada's Trans Mountain pipeline expansion through the city will damage parks, harm sensitive ecosystems and impact critical infrastructure. The city will present its case over three days to the Canadian energy regulator, National Energy Board at hearings to help determine the exact route of the oil pipeline. The project was approved by the Canadian government in 2016. The proposed twinning of the line would nearly triple capacity to 890,000 bpd.

BNP Paribas said it increased its 2018 oil price forecasts by \$10/barrel, expecting WTI and Brent to average \$60/barrel and \$65/barrel, respectively.

Barclays said it expected Brent to average \$60/barrel this year, \$5/barrel above its previous forecast, due to strong demand growth and falling output from Venezuela. The bank said it expects prices to come under pressure later this year and forecast Brent to average \$57/barrel in 2019.

Bloomberg reported that preliminary US waterborne crude imports fell by 323,200 bpd to 4.2 million bpd in the week ending January 18th. Imports into the East Coast and Gulf Coasts increased by 172,500 bpd and 240,900 bpd, respectively. Shipments to the West Coast fell by 736,600 bpd to 600,000 bpd.

The Joint Organizations Data Initiative reported that Saudi Arabia's crude exports increased to 7.016 million bpd in November from 6.874 million bpd in October. Saudi Arabia's crude oil production fell to 9.891 million bpd in November from 10.056 million bpd in October.

Saudi Arabia's Energy Minister, Khalid al-Falih, said he is not convinced that the oil market has returned to balance, despite rising prices. He added that there is an acceptance that the OPEC-led deal should extend beyond 2018.

The pledge Saudi Arabia and Russia made to continue working together on managing the oil market beyond 2018 shows the two countries are now looking to engineer an orderly exit from the deal and avoid crashing the prices they have helped support. Russia's Energy Minister, Alexander Novak, said Russia is prepared to continue cooperating with OPEC even after the output cut agreement expires. Saudi Arabia's Energy Minister, Khalid al-Falih, said continuing the cuts at a different level was one possibility under consideration.

Early Market Call - as of 9:00 AM EDT

WTI - Mar \$64.61, up 14 cents
 RBOB - Feb \$1.9035, down 51 points
 HO - Feb \$2.0869, up 9 points

All NYMEX | Prior Settlements

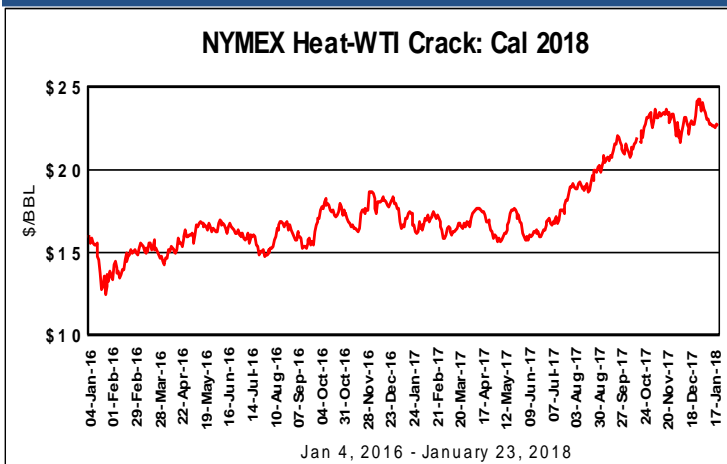
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-18	\$2.0861	\$0.0292	\$0.0227
Mar-18	\$2.0823	\$0.0272	\$0.0237
Apr-18	\$2.0671	\$0.0250	\$0.0234
May-18	\$2.0534	\$0.0236	\$0.0227
Jun-18	\$2.0429	\$0.0229	\$0.0217
Jul-18	\$2.0389	\$0.0223	\$0.0211
Aug-18	\$2.0348	\$0.0217	\$0.0203
Sep-18	\$2.0325	\$0.0215	\$0.0197
Oct-18	\$2.0301	\$0.0212	\$0.0191
Nov-18	\$2.0292	\$0.0209	\$0.0186
Dec-18	\$2.0275	\$0.0203	\$0.0186
Jan-19	\$2.0260	\$0.0200	\$0.0183
Feb-19	\$2.0200	\$0.0204	\$0.0194
Mar-19	\$2.0065	\$0.0204	\$0.0205
Apr-19	\$1.9867	\$0.0203	\$0.0214
May-19	\$1.9747	\$0.0199	\$0.0217
Jun-19	\$1.9672	\$0.0194	\$0.0218
Jul-19	\$1.9637	\$0.0193	\$0.0222

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$64.4700	\$0.9000
Crude - Brent	WTI Spread	\$69.9600	\$0.9300
Natural Gas	\$5.49	\$3.4440	\$0.2200
Gasoline		\$1.9087	\$0.0286

API Report for the Week Ending January 19, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Up 4.8 million barrels	Down 1.3 million barrels
Cushing, OK Crude Stocks	Down 3.6 million barrels	Down 2.3 million barrels
Gasoline Stocks	Up 4.1 million barrels	Up 2.1 million barrels
Distillate Stocks	Down 1.3 million barrels	Down 2.5 million barrels
Refinery Runs	Down 420,000 bpd	Down 1.3% at 91.7%

NYMEX Cal 2018 Heating Oil Crack Spread



8-14 Day Weather Forecast

