



MarketWatch | Refined Products

Monday, January 7, 2019

Market Commentary

Recap: Oil prices posted their first weekly gain in four weeks as proposed trade talks set for next week between the U.S. and OPEC. WTI rose to their highest level since mid-December, with WTI briefly recapturing the \$48.00 level, while Brent touched above \$58.00. It appears traders are willing to put risk on at this moment, looking for the aforementioned news and OPEC lead production cuts to prop up prices. Next week's meeting between China and the U.S. will determine further upside potential. February WTI trimmed gains coming into the settlement period, to settle at \$47.96 a barrel, up 87 cents, or 1.85%. March Brent settled at \$57.05 a barrel, up \$1.11, or 1.98%. February RBOB pared some of its earlier gains to settle up 1.3 cents, or 0.9%, at \$1.3736 a gallon, while February heating oil added 2.7 cents, or 1.5% to \$1.7692 a gallon.

Technical Analysis: February WTI continued to pull away from the bottom of the rounded formation we wrote about yesterday, working its way toward \$54.76, the breakout point for this formation. We would look for continued advances toward this level but would not jump the gun until the breakout occurs. Resistance prior to this level is set at \$50.00 and \$52.15. Support is set at \$44.35 and below that at \$42.50.

Fundamental News: The EIA reported that US Gulf coast gasoline inventories increased to 89.2 million barrels in the week ending January 4th, the highest on record. US distillates stocks increased by 9.52 million barrels last week to 129.4 million barrels, the largest weekly increase since December 2016. US refinery utilization increased by 2.1% to 97.2% last week, the highest level on record for this time of year.

US energy companies cut the number of rigs searching for oil for the first time in three weeks as producers start to reduce their 2019 drilling plans. Baker Hughes reported that drillers cut eight oil rigs in the week ending January 4th, bringing the total count to 877.

Iraq's Oil Minister, Thamer Ghadhban said the country was committed to the OPEC and non-OPEC output cut agreement and would keep its oil production at 4.513 million bpd for the first half of 2019. OPEC and non-OPEC producers agreed in December to reduce its supply by 1.2 million bpd in 2019.

IIR Energy reported that US oil refiners are estimated to have shut in 167,000 bpd of capacity offline in the week ending January 4th, cutting available refining capacity by 53,000 bpd from the previous week. IIR expects offline capacity to increase to 265,000 bpd in the week ending January 11th.

The Iranian navy will send warships to deploy in the Atlantic starting in March, as the country seeks to increase the operating range of its naval forces to the backyard of the US. Iran sees the presence of US aircraft carriers in the Gulf as a security concern and its navy has sought to counter that by showing the flag near US waters. Iran's naval deputy commander said a flotilla will leave for the Atlantic early in the Iranian new year, starting from March.

According to shipping data compiled by Bloomberg and market intelligence company, Kpler, supertankers Almi Atlas and Manifa loaded about 2 million barrels each of US oil in December and are sailing towards China.

Early Market Call - as of 9:05 AM EDT

WTI - Feb \$48.91, up 95 cents
RBOB - Feb \$1.3781, up 3.02 cents
HO - Feb \$1.8036, up 3.48 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-19	\$1.7692	\$0.0272	\$0.1088
Mar-19	\$1.7610	\$0.0284	\$0.1101
Apr-19	\$1.7476	\$0.0284	\$0.1086
May-19	\$1.7438	\$0.0271	\$0.1044
Jun-19	\$1.7494	\$0.0259	\$0.1006
Jul-19	\$1.7600	\$0.0239	\$0.0972
Aug-19	\$1.7699	\$0.0221	\$0.0938
Sep-19	\$1.7803	\$0.0208	\$0.0913
Oct-19	\$1.7901	\$0.0202	\$0.0899
Nov-19	\$1.7985	\$0.0197	\$0.0889
Dec-19	\$1.8055	\$0.0195	\$0.0882
Jan-20	\$1.8120	\$0.0191	\$0.0872
Feb-20	\$1.8126	\$0.0188	\$0.0856
Mar-20	\$1.8095	\$0.0185	\$0.0837
Apr-20	\$1.8040	\$0.0181	\$0.0822
May-20	\$1.8062	\$0.0176	\$0.0806
Jun-20	\$1.8142	\$0.0166	\$0.0794

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$48.2800	\$0.8800
Crude - Brent	WTI Spread	\$57.0600	\$1.1100
Natural Gas	\$8.78	\$3.0440	\$0.0990
Gasoline		\$1.3478	-\$0.0017

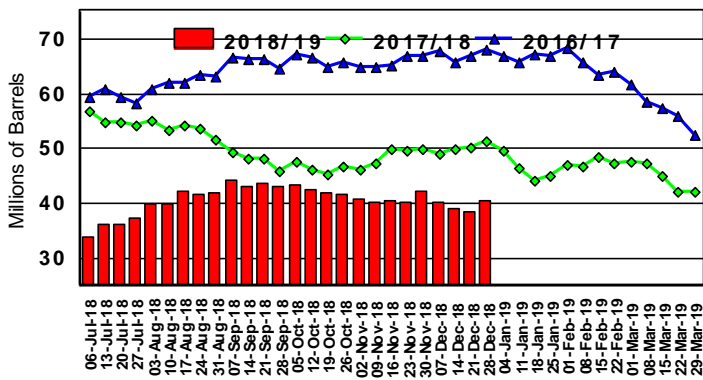
EIA Working Gas Storage Report

EIA Weekly Report

	28-Dec-18	21-Dec-18	Change	Year Ago
East	661	676	-15	746
Midwest	798	818	-20	884
Mountain	147	150	-3	185
Pacific	220	223	-3	270
South Central	878	858	20	1,070
Salt	296	274	22	305
Nonsalt	582	584	-2	766
Total	2,705	2,725	-20	3,155

EIA Weekly Petroleum Status Report for the Week Ending December 28, 2018

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 7,000 barrels
Cushing, OK Crude Stocks Up 641,000 barrels
Gasoline Stocks Up 6.89 million barrels
Distillate Stocks Up 9.529 million barrels
Refinery % Operated 97.2%, up 2.1%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Dec 28, 2018	Week Ending Dec 21, 2018	Week Ending Dec 29, 2017
New England	7.6	6.8	8.0
Central Atlantic	21.9	21.1	30.7
Total PADD #1	40.4	38.3	51.2
Distillate Imports (thousands b/d)	187	137	90

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