

Market Commentary

Recap: The oil market continued to trade within its sideways trading range on Wednesday, holding support at the \$60 level. The market traded higher early in the session as strong Chinese factory activity supported commodity markets. China's industrial output increased more than expected, by 7.2% year-on-year, in the first two months of 2018. The crude market rallied to a high of \$61.33 early in the session before it retraced some of its gains ahead of the release of the EIA's weekly petroleum stocks report. The oil market later fell in choppy trading, as a larger than expected build in crude stocks pressured prices to a low of \$60.11, while large draws in product stocks provided the market with some support. The market bounced off its low and retraced some of its losses trading back towards the \$61 level ahead of the close. The April WTI contract settled up 25 cents at \$60.96, while the May WTI contract settled up 27 cents at \$61.02. The May Brent contract settled up 25 cents at \$64.89. Meanwhile, the product markets also settled in positive territory, with the heating oil market settling up 1.32 cents at \$1.8871 and the RBOB market settling up 3.8 cents at \$1.9243.

Fundamental News: The EIA reported that US crude inventories at Cushing, Oklahoma increased by 338,000 barrels to 28.5 million barrels, the first increase after 11 consecutive weeks of draws.

In its monthly report, OPEC raised its forecast for oil supply from non-member countries in 2018 as higher prices encourage US shale drillers to produce more. It said non-OPEC producers will increase supply by 1.66 million bpd this year to 59.53 million bpd. It revised up its supply growth estimate by 280,000 bpd. It was the fourth consecutive increase from 870,000 bpd forecast in November. It reported that 2018 oil demand growth was revised up to 1.6 million bpd from a previous estimate of 1.59 million bpd, leading to total global demand of 98.63 million bpd. Demand for OPEC crude will average 32.61 million bpd in 2018, down 200,000 bpd from its previous estimate. OPEC's total output fell by 77,000 bpd to 32.186 million bpd, led by declines in Iraq, the UAE and Venezuela. Adherence by the 12 OPEC members with output targets increased to 147%, up from 137% in January. It reported that world oil supply in February increased by 370,000 bpd to 98.2 million bpd. OECD commercial oil inventories increased by 13.7 million barrels in January and remain 50 million barrels above the five year average.

Saudi Arabia plans to keep its crude oil production in April below 10 million bpd and maintain its exports under 7 million bpd. Saudi Arabia has been pumping below its OPEC target since January and reducing its crude shipments, particularly to the US, as it turns its focus on cutting exports in an attempt to drain global oil stocks.

Iraq's Oil Minister, Jabbar al-Luaibi, said Baghdad is talking with Iraqi Kurds and Turkey about restarting crude shipments from fields in the Kirkuk area of northern Iraq. Iraq's oil output is currently 4.37 million bpd.

Bloomberg estimated that crude oil imports to the US Gulf Coast fell by 56,000 bpd to 2.65 million bpd in the week ending March 9th.

IIR reported that US oil refiners are expected to shut in 988,000 bpd of capacity in the week ending March 16th, increasing available refining capacity by 313,000 bpd from the previous week. IIR expects offline capacity to fall to 891,000 bpd in the week ending March 23rd.

Early Market Call - as of 9:00 AM EDT

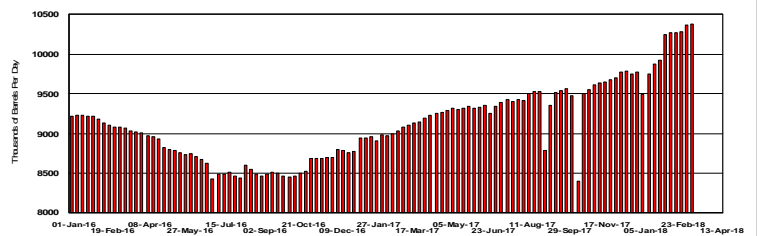
WTI - Apr \$61.39 up 43 cents
 RBOB - Apr \$1.9251 up 8 points
 HO - Apr \$1.8920 up 40 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-18	\$1.8871	\$0.0132	\$0.0125
May-18	\$1.8918	\$0.0149	\$0.0127
Jun-18	\$1.8941	\$0.0145	\$0.0127
Jul-18	\$1.8958	\$0.0139	\$0.0123
Aug-18	\$1.8973	\$0.0133	\$0.0122
Sep-18	\$1.8995	\$0.0119	\$0.0117
Oct-18	\$1.9022	\$0.0109	\$0.0125
Nov-18	\$1.9044	\$0.0099	\$0.0134
Dec-18	\$1.9050	\$0.0094	\$0.0139
Jan-19	\$1.9068	\$0.0088	\$0.0143
Feb-19	\$1.9064	\$0.0084	\$0.0153
Mar-19	\$1.9013	\$0.0081	\$0.0160
Apr-19	\$1.8872	\$0.0079	\$0.0169
May-19	\$1.8770	\$0.0079	\$0.0168
Jun-19	\$1.8697	\$0.0076	\$0.0163
Jul-19	\$1.8682	\$0.0072	\$0.0165
Aug-19	\$1.8696	\$0.0062	\$0.0165
Sep-19	\$1.8745	\$0.0056	\$0.0166

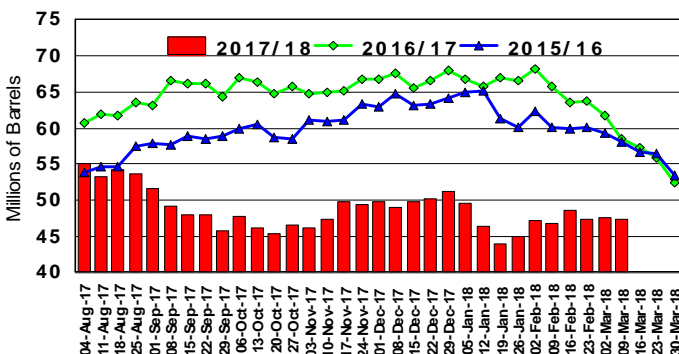
		Close	Change
Crude - WTI	May Brent-WTI Spread \$3.87	\$61.0200	\$0.2700
Crude - Brent		\$64.8900	\$0.2500
Natural Gas		\$2.7310	-\$0.0550
Gasoline		\$1.9243	\$0.0380

U.S. Domestic Crude Production



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

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 5 million barrels

Cushing, OK Crude Stocks Up 338,000 barrels

Gasoline Stocks Down 6.3 million barrels

Distillate Stocks Down 4.4 million barrels

Refinery % Operated 90%, Up 2.0%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Mar 9, 2018	Week Ending March 2, 2018	Week Ending Mar 10, 2017
New England	7.2	7.8	10.9
Central Atlantic	28.1	27.6	36.1
Total PADD #1	47.3	47.5	58.6
Distillate Imports (thousands b/d)	223	265	79