

## Market Commentary

**Recap:** The bulls in the oil market remained on the defensive for the second day in a row. While the stock market rebounded today, the strong rebound in the value of the dollar appeared to keep the oil market from gaining any real traction toward the upside. Then with the release of the bearish Genscape storage report, the bulls basically ran to the sidelines for at least the day and the bears remained in control of the market. By mid-afternoon the crude market fell to its lowest level since February 15<sup>th</sup> and was close to testing trendline support drawn off the lows from September through mid-February, which today stood at \$59.51. Despite the news of pipeline problems along the Colonial Pipeline today the products markets were relatively stable. The heating oil contract settled off 2.64 cents, with RBOB settling off 4.26 cents. The gasoline market though did rebound slightly after the close on the news of the temporary shutdown of the Colonial main gasoline line.

While we feel that this market should continue to erode in value, with WTI ultimately looking at \$58.00 per barrel as a downside target, we would not be surprised that today's dollar strength evaporates overnight as that market has had difficulty in sustaining any trend toward the upside. We see support in the April contract tomorrow at \$60.00-\$59.95 followed by \$59.69, \$59.59 and \$57.90. Resistance we see at \$61.59, \$62.10 and \$62.60.

**Fundamental News:** Goldman Sachs late Wednesday evening in a research note to clients said it remained committed to its 2018 global oil demand growth forecast of 1.85 million b/d, despite recent signs of a slight slowdown. It noted that oil data for January points to strong global demand growth, consistent with the robust economic momentum entering 2018 and expects a second quarter demand acceleration. Goldman attributed the recent slide in oil prices to seasonality, saying data from the past decade suggested weakness in demand now used to be seen in the second quarter. The bank noted its demand outlook exceeds the expected growth from shale and other non-OPEC producers this year and thus will lead to further contraction in global inventories in the third quarter to below the five year averages, which should prompt another rally in prices.

The U.S. Department of Energy said on Thursday that it will sell 7 million barrels of sweet crude oil from the SPR. The DOE will accept offers on the oil until March 21. Delivery of the crude will take place between May 1- May 14<sup>th</sup>, from the West Hackberry site and from May 1 - 31 from the Bryan Mound site.

Platts was reporting Thursday that Libyan crude oil production which had fallen by nearly 40% since the end of February could rebound back to close to 1 million b/d with the restart of the 90,000 b/d Elephant oil field and the recent restart of the Sharara oil field.

Colonial Pipeline said Thursday that it expected to restart its Line 3 pipeline to Linden, NJ/NYH by the end of the day. The line had been shut following the discovery of a leak at its pumping station in Harford County, MD. The company also notified shippers it had been forced to shut its main gasoline line as a precaution because of a possible leak. The pipeline, which carries 1.2 million b/d between Houston and Greensboro, NC, is expected to be restarted at 9 pm EST

Motiva reportedly was raising production at its large crude distillation unit. The refiner reportedly restarted the 325,000 b/d VPS-5 CDU overnight and is preparing to restart the 110,000 b/d delayed coking unit #2.

**Early Market Call - as of 9:45 AM EDT**

WTI - Apr \$61.02 up 90 cents  
 RBOB - Apr \$ 1.8967 up 2.90 cents  
 HO - Apr \$ 1.8822 up 2.31 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-18	\$1.8591	-\$0.0155	-\$0.0264
May-18	\$1.8622	-\$0.0169	-\$0.0235
Jun-18	\$1.8638	-\$0.0176	-\$0.0191
Jul-18	\$1.8659	-\$0.0176	-\$0.0155
Aug-18	\$1.8678	-\$0.0173	-\$0.0126
Sep-18	\$1.8708	-\$0.0170	-\$0.0110
Oct-18	\$1.8733	-\$0.0164	-\$0.0098
Nov-18	\$1.8752	-\$0.0158	-\$0.0082
Dec-18	\$1.8755	-\$0.0156	-\$0.0071
Jan-19	\$1.8772	-\$0.0153	-\$0.0056
Feb-19	\$1.8763	-\$0.0148	-\$0.0036
Mar-19	\$1.8705	-\$0.0148	-\$0.0008
Apr-19	\$1.8557	-\$0.0146	\$0.0024
May-19	\$1.8458	-\$0.0144	\$0.0019
Jun-19	\$1.8390	-\$0.0144	\$0.0010
Jul-19	\$1.8375	-\$0.0142	\$0.0010
Aug-19	\$1.8395	-\$0.0136	\$0.0022
Sep-19	\$1.8450	-\$0.0129	\$0.0032

		Close	Change
Crude - WTI	May Brent-WTI Spread \$3.55	\$60.0600	-\$0.9600
Crude - Brent		\$63.6100	-\$0.7300
Natural Gas		\$2.7560	-\$0.0210
Gasoline		\$1.8677	-\$0.0426

## EIA Natural Gas Storage Report

EIA Weekly Report				
	02-Mar-28	23-Feb-28	Change	Year Ago
East	359	382	-23	407
Midwest	380	398	-18	583
Mountain	97	102	-5	140
Pacific	177	189	-12	202
South Central	612	611	1	973
Salt	189	183	6	327
Nonsalt	423	429	-6	646
Total	1,625	1,682	-57	2,305

## ICE May WTI-Brent Spread



## 8-14 Day Weather Forecast

