

Market Commentary

Recap: WTI fell as much as 2 percent on Monday after the EIA reported a larger than expected build in U.S. crude oil stockpiles. WTI for April delivery slipped to a low of \$55.42 a barrel after the numbers were released. The move to the downside was short lived, with this spot contract popping to a high of \$56.40, pulled higher by the deep draws in U.S. gasoline and heating oil inventories, which was the third weekly draw for both products. The failure of April WTI to take out \$56.44, the 10-day moving average sparked a technical sell-off, culminating with a brief dip back below \$56.00. Losses were pared, with April WTI settling at \$56.22 a barrel, down 34 cents, or 0.60 percent, while Brent for May delivery lost 13 cents, or 0.20 percent, to settle at \$65.99 a barrel.

The 4.2 million barrel draw in U.S. gasoline stocks boosted RBOB futures to their highest level in 4 months, with the April contract peaking the session at \$1.7919. Gains were pared, with this spot contract settling at \$1.789 a gallon, up 1.2 percent. April heating oil settled little changed at \$2.016 a gallon.

Technical Analysis: April WTI dipped below the bottom trend line of the ascending channel that can be depicted on a daily spot continuation chart, but failed to settle below it, while at the same time holding below the 10-day moving average. Should we get a valid break below the bottom of the channel, we would look for a run at the 50-day moving average, which is currently set at \$53.33. A break above \$56.44, the 10-day moving average allows for a run at \$57.88.

Fundamental News: Nigeria's Nembe Creek Trunk Line, one of the two major lines transporting Bonny Light crude, should be back up very soon. The pipeline's operator, Aiteo, said the line was shut on February 28th, due to an undisclosed outage.

Plans by the German operator of a portion of PDVSA's tanker fleet to return 10 vessels because of unpaid fees caused the maritime unit of PDVSA on Tuesday to declare a maritime emergency. PDVSA's maritime arm, PDV Marina, lacks about 160 people, including captains, machinists and operators, to immediately take back the 10 vessels from Bernhard Schulte Shipmanagement.

The US Census Bureau stated that US crude oil exports fell to 2.511 million bpd in December compared with 2.609 million bpd in November. Exports to South Korea totaled 558,000 bpd, while exports to Canada totaled 431,000 bpd and exports to both the UK and the Netherlands totaled 241,000 bpd each.

IIR Energy reported that US oil refiners are expected to shut in 1.048 million bpd of capacity in the week ending March 8th, increasing available refining capacity by 430,000 bpd from the previous week. IIR expects offline capacity to increase to 1.052 million bpd in the week ending March 15th.

Exxon Mobil Corp expects its earnings to grow by more than \$4 billion between 2019 and 2020. The announcement comes a day after the company said it anticipates production from the Permian Basin to increase to 1 million bpd of oil equivalent as early as 2024.

White House National Security Adviser, John Bolton, warned foreign banks and other financial institutions that they will face US sanctions for illegitimate transactions that benefit Venezuela's Nicolas Maduro.

President of the Federal Reserve Bank of New York, John Williams, said interest rates are right where they need to be. He said if the strong economy continues but inflation trends lower, the Fed may need a lower interest rate. He said there is not clear answer on the level of reserves the Fed will need to conduct monetary policy. He also stated that financial stability risks are in a normal range.

Early Market Call - as of 8:45 AM EDT

WTI - Apr \$56.78, up 57 cents

RBOB - Apr \$1.8117, up 2.26 cents

HO - Apr \$2.0267, up 1.03 cents

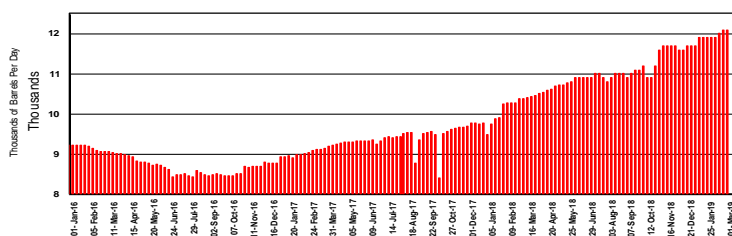
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-19	\$2.0162	-\$0.0002	-\$0.0059
May-19	\$2.0109	-\$0.0008	-\$0.0071
Jun-19	\$2.0073	-\$0.0016	-\$0.0083
Jul-19	\$2.0104	-\$0.0022	-\$0.0088
Aug-19	\$2.0171	-\$0.0028	-\$0.0092
Sep-19	\$2.0268	-\$0.0034	-\$0.0098
Oct-19	\$2.0352	-\$0.0039	-\$0.0106
Nov-19	\$2.0427	-\$0.0039	-\$0.0111
Dec-19	\$2.0493	-\$0.0042	-\$0.0115
Jan-20	\$2.0551	-\$0.0044	-\$0.0118
Feb-20	\$2.0553	-\$0.0047	-\$0.0125
Mar-20	\$2.0513	-\$0.0052	-\$0.0130
Apr-20	\$2.0394	-\$0.0060	-\$0.0139
May-20	\$2.0301	-\$0.0068	-\$0.0146
Jun-20	\$2.0247	-\$0.0076	-\$0.0150
Jul-20	\$2.0247	-\$0.0083	-\$0.0155
Aug-20	\$2.0250	-\$0.0088	-\$0.0158

Sprague HeatCurve Oct 2019-Apr 2020 \$2.0493

Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent-	\$56.6200	-\$0.3200
Crude - Brent	WTI Spread	\$65.9900	\$0.1300
Natural Gas	\$9.37	\$2.8410	-\$0.0430
Gasoline		\$1.7890	\$0.0216

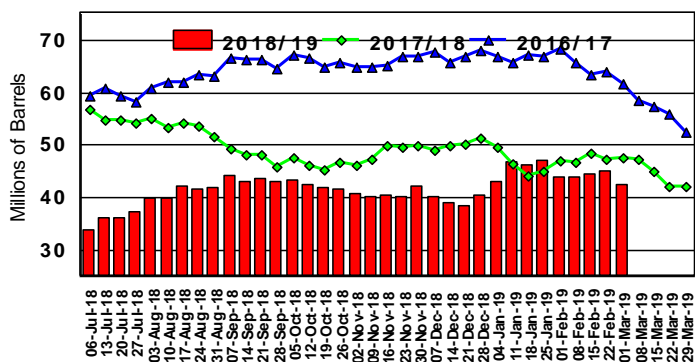
U.S. Domestic Crude Production



Weekly EIA Petroleum Status Report for the Week Ending March 1, 2019

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 7.069 million barrels

Cushing, OK Crude Stocks Up 873,000 barrels

Gasoline Stocks Down 4.227 million barrels

Distillate Stocks Down 2.393 barrels

Refinery % Operated 87.5%, Up 0.4%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Mar 1, 2019	Week Ending Feb 22, 2019	Week Ending Mar 2, 2018
New England	7.5	8.4	7.8
Central Atlantic	23.0	24.7	27.6
Total PADD #1	42.4	45.0	47.5
Distillate Imports (thousands b/d)	192	317	256