

Market Commentary

Recap: The oil market opened 12 cents lower at \$63.30 as it retraced some of Monday's sharp gains. The market posted a low of \$63.20 but quickly bounced off that level and never looked back. The crude market breached its previous highs and extended Monday's gains as investors became more optimistic that a trade dispute between the US and China may be resolved. China's President, Xi Jinping promised to open China's economy further and lower import tariffs in a speech that struck a conciliatory tone. The market was also supported in light of a report stating that Saudi Arabia was looking for an oil price of \$80/barrel, which will likely mean that the country will keep the current measures in place until prices rise close to the target price. The market extended its gains to \$2.13 as it posted a high of \$65.55 ahead of the close. The May WTI contract settled up \$2.09 at \$65.51 and later continued to trend higher, posting a new high of \$65.86. The June Brent contract settled at \$71.04, up \$2.39 or 3.48%, the largest single-day percentage increase since November. The product markets also settled sharply higher, with the heating oil market settling up 6.82 cents at \$2.0648 and the RBOB market settling up 5.67 cents at \$2.0409.

Fundamental News: Bloomberg reported that crude stocks held in Cushing, Oklahoma are projected to have increased by 2 million barrels in the week ending April 6th to 36.9 million barrels.

In its Short Term Energy Outlook, the EIA raised its 2018 world oil demand growth forecast by 90,000 bpd to 1.79 million bpd. It also raised its oil demand growth estimate for 2019 by 130,000 bpd to 1.85 million bpd. Total world oil demand in 2018 is estimated at 100.31 million bpd, while demand in 2019 is estimated at 102.16 million bpd. OPEC production in 2018 is expected to fall by 160,000 bpd to 32.28 million bpd while production in 2019 is expected to increase by 80,000 bpd to 32.36 million bpd. Non-OPEC supply is expected to increase by 2.56 million bpd to 61.23 million bpd in 2018 and by 1.47 million bpd to 62.7 million bpd in 2019. Total OECD inventories is expected to increase by 5 million barrels to 1.237 billion barrels in 2018 and increase by 33 million barrels to 1.27 billion barrels. US petroleum demand in 2018 is expected to increase by 500,000 bpd, up from a previous forecast of 470,000 bpd, to 20.38 million bpd while demand in 2019 is expected to increase by 320,000 bpd, down from a previous forecast of 360,000 bpd, to 20.7 million bpd. Gasoline demand in 2018 is expected to increase by 30,000 bpd to 9.35 million bpd and increase by 50,000 bpd to 9.4 million bpd in 2019. Distillate demand is expected to increase by 110,000 bpd to 4.05 million bpd in 2018 and by 80,000 bpd to 4.13 million bpd in 2019. US oil production is forecast to increase by 1.37 million bpd to 10.69 million bpd in 2018 and by 750,000 bpd to 11.44 million bpd in 2019. In regards to prices, the EIA forecast Brent spot prices will average \$63/barrel in 2018 and 2019. WTI crude oil prices are forecast to average \$4/barrel below Brent prices in both 2018 and 2019. For the 2018 April-September summer driving season, the EIA forecast US regular gasoline retail prices to average \$2.74/gallon, up from an average of \$2.41/barrel last summer. For all of 2018, the EIA expects US gasoline retail prices to average \$2.64/gallon.

According to Bloomberg, Saudi Arabia is seeking an oil price of \$80/barrel to pay for the government's crowded policy agenda and support the valuation of Saudi Aramco ahead of its initial public offering.

UAE's Energy Minister, Suhail al Mazrouei, said it is going better than expected regarding the rebalancing of the oil market.

Early Market Call - as of 8:25 AM EDT

WTI - May \$6608, up 59 cents

RBOB - May \$2.0402, down 7 points

HO - May \$2.0776, up 1.24 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-18	\$2.0648	\$0.0682	\$0.0698
Jun-18	\$2.0553	\$0.0649	\$0.0643
Jul-18	\$2.0475	\$0.0618	\$0.0601
Aug-18	\$2.0437	\$0.0601	\$0.0591
Sep-18	\$2.0439	\$0.0591	\$0.0583
Oct-18	\$2.0429	\$0.0579	\$0.0565
Nov-18	\$2.0414	\$0.0568	\$0.0545
Dec-18	\$2.0392	\$0.0559	\$0.0533
Jan-19	\$2.0376	\$0.0547	\$0.0517
Feb-19	\$2.0320	\$0.0530	\$0.0491
Mar-19	\$2.0192	\$0.0510	\$0.0459
Apr-19	\$2.0020	\$0.0494	\$0.0456
May-19	\$1.9902	\$0.0458	\$0.0440
Jun-19	\$1.9806	\$0.0421	\$0.0394
Jul-19	\$1.9784	\$0.0411	\$0.0372
Aug-19	\$1.9782	\$0.0408	\$0.0367
Sep-19	\$1.9814	\$0.0403	\$0.0360

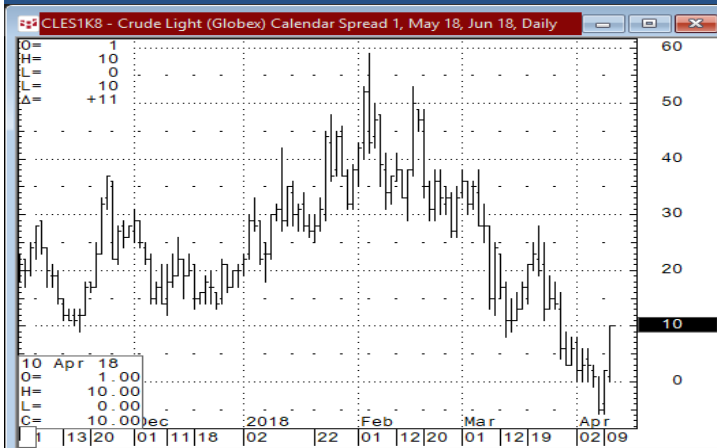
Sprague HeatCurve Oct 2018-April 2019 **\$2.0317**

Other Front Month NYMEX		Close	Change
Crude - WTI	June Brent-	\$65.4400	\$2.0100
Crude - Brent	WTI Spread	\$71.0400	\$2.3900
Natural Gas	\$5.60	\$2.6560	-\$0.0370
Gasoline		\$2.0409	\$0.0567

API Report for the Week Ending April 6, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Up 1.8 million barrels	Down 200,000/Up 100,000 barrels
Cushing, OK Crude Stocks	Up 1.5 million barrels	Up 1.5/2 million barrels
Gasoline Stocks	Up 2 million barrels	Down 1.4/2 million barrels
Distillate Stocks	Down 3.8 million barrels	Unch/Down 1.2 million barrels
Refinery Runs	Up 27,000 bpd	Up 0.2% at 93.2%

NYMEX May-June WTI Spread



NYMEX May-June Heating Oil Spread

